



ISSN 2599-6312

# DRAFT GENERAL BUDGET OF THE EUROPEAN UNION

Working Document Part X

*#EUBudget*

**2024**  
FINANCIAL  
YEAR

Financial instruments

COM(2023) 300 - June 2023

*Budget*

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Print	ISBN 978-92-68-01115-7		doi:10.2761/74376	KV-AO-23-011-EN-C
PDF	ISBN 978-92-68-01114-0	ISSN 2599-6312	doi:10.2761/966373	KV-AO-23-011-EN-N

**DRAFT GENERAL BUDGET**  
**of the European Union**  
for the financial year 2024

Working Document  
**Part X**

**Draft General Budget  
of the European Union  
for the Financial Year 2024**

**Working Document Part X**

**Financial Instruments**

The 2024 Draft Budget is accompanied by twelve ‘Working Documents’, as follows:

### **Part I: Programme Performance Statements of operational expenditure**

Working Document I contains, pursuant to Article 41(3)(h) of the Financial Regulation, the Programme Performance Statements, which provide for each spending programme comprehensive information on the financial implementation and progress in achieving the programme objectives as of the end 2022.

### **Part II: Human Resources of the EU institutions and executive agencies**

Working Document II presents information on the human resources of the EU institutions and executive agencies, and in particular for the Commission, both for the establishment plans and for external personnel and across all headings of the multiannual financial framework. Moreover, pursuant to Article 41(3)(b) of the Financial Regulation, it provides a summary table for the period 2021 – 2024 which shows the number of full-time equivalents for each category of staff and the related appropriations for all institutions and bodies referred to in Article 70 of the Financial Regulation.

### **Part III: Bodies set up by the European Union having legal personality**

Working Document III presents detailed information relating to all decentralised agencies and Joint Undertakings, with a transparent presentation of revenue, expenditure and staff levels of various Union bodies, pursuant to Article 41(3)(c) of the Financial Regulation.

### **Part IV: Pilot projects and preparatory actions**

Working Document IV presents information on all pilot projects and preparatory actions which have budget appropriations (commitments and/or payments) in the 2024 Draft Budget, pursuant to Article 41(3)(f) of the Financial Regulation.

### **Part V: Budget implementation and assigned revenue**

Working Document V presents the budget implementation forecast for 2023, information on assigned revenue (implementation in 2022 and estimation for 2024) and a progress report on outstanding commitments (RAL) pursuant to Articles 41(3)(d) and 41(8) of the Financial Regulation.

### **Part VI: Commission expenditure under the administrative heading of the multiannual financial framework**

Working Document VI encompasses administrative expenditure to be implemented by the Commission under the administrative heading of the multiannual financial framework (heading 7) in accordance with Article 317 of the Treaty on the Functioning of the European Union, as well as the budgets of the Offices (OP, OLAF, EPSO, OIB, OIL and PMO), pursuant to Article 41(3)(e) of the Financial Regulation.

### **Part VII: Commission buildings**

Working Document VII presents information on buildings under Section III - Commission, pursuant to Article 266(1) of the Financial Regulation.

### **Part VIII: Expenditure related to the external action of the European Union**

Working Document VIII presents information on human resources and expenditure related to the external action of the European Union, pursuant to Article 41(10) and (11) of the Financial Regulation.

### **Part IX: Funding to international organisations**

Working Document IX presents funding provided to international organisations, across all MFF headings, pursuant to Article 41(3)(g) of the Financial Regulation.

### **Part X: Financial Instruments**

Working Document X presents the use made of financial instruments, pursuant to Article 41(4) of the Financial Regulation.

### **Part XI: Budgetary Guarantees, Common Provisioning Fund and Contingent Liabilities**

Working Document XI presents the implementation of Budgetary Guarantees, the Common Provisioning Fund and the assessment of the sustainability of the contingent liabilities arising from budgetary guarantees and financial assistance pursuant to Article 41(5) of the Financial Regulation.

### **Part XII: Payment schedules**

Working Document XII presents summary statements of the schedule of payments due in subsequent years to meet budgetary commitments entered into in previous years, pursuant to Article 41(3)(i) of the Financial Regulation

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## Introduction

In accordance with Article 41(4) of the Financial Regulation<sup>1</sup> ('FR'), where the Commission makes use of financial instruments it must attach to the draft budget a working document presenting information for each financial instrument.

This is the fifth edition of the Article 41(4) FR report and it covers the whole implementation period – from inception until 31 December 2022 - of financial instruments funded by the general budget of the Union<sup>2</sup> and managed by the Commission (directly and indirectly).

The report covers financial instruments implementing both internal (i.e., benefiting final recipients predominantly located in the EU) and external policies (i.e., benefiting final recipients predominantly located outside the EU).

The information provided in this report is divided in five main headings reflecting the following main policy areas: A) Infrastructure & Climate change; B) Research & Innovation; C) Social & Education; D) SMEs and E) External Policies. Information on each financial instrument<sup>3</sup> is organized by chapters and each chapter includes the 3 following sections:

- Description.
- Operational Performance.
- Financial Information.

Each section covers the requirements of Article 41(4) FR as follows:

### **Description - Items of Article 41(4) FR covered:**

(a): general description of the instrument, basic act, impact on the EU budget, added value of the EU contribution.

(b): financial institutions involved in implementation.

### **Operational Performance - Items of Article 41(4) FR covered:**

(c): contribution to the achievements of the objectives of the programme, geographical diversification.

(d): operations, target volumes, target leverage.

(k): performance of the financial instrument, investments realised, leverage and multiplier effects.

### **Financial information - Items of Article 41(4) FR covered:**

(e): budget lines, aggregated budgetary commitments and payments.

(f) average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years.

<sup>1</sup> Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012.

<sup>2</sup> This report covers financial instruments launched from the 2007-2013 Multi-Annual Financial Framework onwards. Financial instruments financed exclusively by the European Development Fund or other external sources are not included in this report.

<sup>3</sup> Blending facilities or platforms with grants and top-up contributions from financial instruments into InvestEU will, as a rule, be reported in the 41(5) FR report. This is because InvestEU is the main instrument to which the other forms of support are linked to and are delivered through.



(g) revenue and repayments under article 209(3), presented separately, including an evaluation of their use.

(h): value of equity investments, with respect to preceding years.

(i): provision for risk and liabilities, financial risk exposure.

(j): impairment of assets and called guarantees.

(l): balance on fiduciary account.

To improve clarity, ensure consistent reporting across different instruments and facilitate analysis and consolidation of figures., the template for the financial information table (budgetary and accounting data per financial instrument) has been unified and harmonised across all types of instruments (loan, guarantee, equity and blending). In addition, certain headings of the tables were redefined so as to align with the EU accounting rules (e.g., guarantee calls on accrual basis and not on cash basis) and ensure consistent reporting.

The information of this Article 41(4) FR report will be used as input for the Article 250 FR report., since pursuant to Article 250 FR, the Commission must report annually to the European Parliament and to the Council on financial instruments in accordance with Article 41(4) FR.

Summary tables aggregating financial information are included in Annex I (aggregated financial information for all instruments), Annex II (aggregated financial information for each implementing partner/managing party) and Annex III (aggregated financial information for each policy area).

The table below lists the financial instruments covered by this report<sup>4 5</sup>.

LIST OF FINANCIAL INSTRUMENTS 41(4) FR REPORT			
Chapter and Financial Instrument		IP/Managing party	Policy Area
1.1	Connecting Europe Broadband Fund (CEBF) – CEF Equity Instrument	CUBE IM	Infrastructure & climate change
1.2	Connecting Europe Facility (CEF) – Debt Instrument	EIB	Infrastructure & climate change
1.3	Private Finance for Energy Efficiency Instrument (PF4EE)	EIB	Infrastructure & climate change
1.4	Natural Capital Financing Facility (NCFE)	EIB	Infrastructure & climate change
1.5	European Energy Efficiency Fund (EEEF)	DWS	Infrastructure & climate change
1.6	2020 European Fund for Energy, Climate Change and Infrastructure (Marguerite Fund)	ECFIN	Infrastructure & climate change
2.1	Horizon 2020 Loan Services for R&I Facility (InnovFin Debt)	EIB	Research & Innovation
2.2	Risk-Sharing Finance Facility (RSFF) and Pilot guarantee facility for R&I driven SMEs and Small Midcaps (RSI)	EIB	Research & Innovation
3.1.a	Employment and Social Innovation Microfinance and Social Entrepreneurship Guarantee (EaSI-G)	EIF	Social & Education
3.1.b	Employment and Social Innovation Capacity Building Investments (EaSI CBI)	EIF	Social & Education
3.2.a	European Progress Micro-Finance Fund (EPMF-FCP-FIS)	EIF	Social & Education
3.2.b	Employment and Social Innovation Sub-Fund (EaSI FIS)	EIF	Social & Education
3.3	Erasmus+ Student Loan Guarantee Facility (SLGF)	EIF	Social & Education

<sup>4</sup> For the EPMF Guarantee European Progress Microfinance Guarantee Facility (EPMF - G) the implementation period (signatures of new operations with financial intermediaries) ran until 2013 and the Facility was terminated in 2021 as indicated in chapter 3.2 of last year's 41(4) FR report (DB 2023). Thus, EPMF – G is not included in this 41(4) FR report.

<sup>5</sup> Seven new instruments are included in this 41(4) FR report. They are part of the geographic/thematic blending facilities or platforms in External Policies reported in chapters 5.1, 6.1 and 6.2: 5.1 *Enterprise Expansion Fund II (ENEF II) under the Western Balkans Enterprise Development and Innovation Facility*; 5.1 *EU-KfW WB Guarantee Covid-19 Response - Supporting Entrepreneurs and MSMEs to Safeguard Employment*; 6.1 *EU Support for Ukrainian MSMEs*; 6.1 *EU-EBRD Local currency*; 6.1 *NIP Women in Business in EaP Phase II*; 6.2 *Building Crisis-Resilient SMEs in Mongolia post Covid-19*; 6.2 *Sustainable private sector in Central Asia*.

**LIST OF FINANCIAL INSTRUMENTS 41(4) FR REPORT**

Chapter and Financial Instrument		IP/Managing party	Policy Area
4.1	COSME Loan Guarantee Facility (LGF)	EIF	SMEs
4.2	COSME Equity Facility for Growth (EFG)	EIF	SMEs
4.3	Horizon 2020 SMEs & Small Midcaps R&I Loans Service (InnovFin SME Guarantee)	EIF	SMEs
4.4	Horizon 2020 Equity Facility for R&I (InnovFin Equity)	EIF	SMEs
4.5	European Innovation Council (EIC) Fund	EIC Fund	SMEs
4.6	Cultural and Creative Sectors Guarantee Facility (CCS GF)	EIF	SMEs
4.7	SME Guarantee Facility under CIP (SMEG 2007)	EIF	SMEs
4.8	High Growth and Innovative SME Equity Facility under CIP (GIF)	EIF	SMEs
4.9	SME Initiative	EIF	SMEs
5.1	Enterprise Expansion Fund (ENEF) under the Western Balkans Enterprise Development and Innovation Facility	EIF	External Policies WBIF
5.1	Enterprise Expansion Fund II (ENEF II) under the Western Balkans Enterprise Development and Innovation Facility	EBRD	External Policies WBIF
5.1	Enterprise Innovation Fund (ENIF) under the Western Balkans Enterprise Development and Innovation Facility	EIF	External Policies WBIF
5.1	EU-KfW WB Guarantee Covid-19 Response - Supporting Entrepreneurs and MSMEs to Safeguard Employment	KfW	External Policies WBIF
5.1	European Fund for Southeast Europe (EFSE)	EIF	External Policies WBIF
5.1	Green for Growth Fund (GGF)	KfW	External Policies WBIF
5.1	Guarantee Facility I (GF I) under the Western Balkans Enterprise Development and Innovation Facility	EIF	External Policies WBIF
5.1	Guarantee Facility II (GF II) under Western Balkans Enterprise Development and Innovation Facility	EIF	External Policies WBIF
5.2	Global Energy Efficiency and Renewable Energy Fund (GEEREF)	EIF	External Policies
5.3	Facility for Euro-Mediterranean Investment and Partnership (FEMIP) – Debt Instrument	EIB	External Policies
6.1	EFSE - EU4Business: Local Currency Lending to SMEs in the Eastern Partnership	KfW	External Policies NIP EAST
6.1	EIB DCFTA PHASE II	EIB	External Policies NIP EAST
6.1	EU Support for Ukrainian MSMEs	EBRD	External Policies NIP EAST
6.1	EU Trade and Competitiveness Programme for Egypt and Jordan	EBRD	External Policies NIP SOUTH
6.1	EU4Business - the EU Local Currency Partnership Initiative: The European Fund for Southeast Europe (KfW)	KfW	External Policies NIP EAST
6.1	EU-EBRD Local currency	EBRD	External Policies NIP EAST
6.1	European Fund for Southeast Europe (KfW)	KfW	External Policies NIP EAST
6.1	Green for Growth Fund - Extension to Neighbourhood East II (for Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine)	KfW	External Policies NIP EAST
6.1	Green for Growth Fund (GGF) - COVID 19-RESPONSE in the Southern Neighbourhood (NIP GGF C-shares Southern Neighbourhood)	KfW	External Policies NIP SOUTH
6.1	Green for Growth Fund to the Eastern Neighbourhood Region (EIB)	EIB	External Policies NIP EAST
6.1	Green for Growth Funds L-Shares Georgia (10 MEUR)	KfW	External Policies NIP EAST
6.1	MENA Fund for Micro, Small and Medium Enterprises III	KfW	External Policies NIP SOUTH
6.1	NIP Armenia SME Finance and Advice Facility (EBRD)	EBRD	External Policies NIP EAST
6.1	NIP Deep and Comprehensive Free Trade Area (DCFTA) Facility (EBRD) EAST (MOL-GEO-UKR)	EBRD	External Policies NIP EAST
6.1	NIP Deep and Comprehensive Free Trade Area (DCFTA) Facility (EIB) EAST	EIB	External Policies NIP EAST
6.1	NIP Eastern Partnership SME Finance Facility Phase II (EBRD)	EBRD	External Policies NIP EAST
6.1	NIP Eastern Partnership SME Finance Facility Phase II (KfW)	KfW	External Policies NIP EAST
6.1	NIP EU Trade and Comp. Prog. in Morocco, Tunisia, Egypt & Jordan EIB	EIB	External Policies NIP SOUTH

## LIST OF FINANCIAL INSTRUMENTS 41(4) FR REPORT

Chapter and Financial Instrument		IP/Managing party	Policy Area
6.1	NIP MENA Fund for Micro, Small and Medium Enterprises COVID-19 top-up	KfW	External Policies NIP SOUTH
6.1	NIP Risk Capital Facility for Southern Neighbourhood countries (EIB)	EIB	External Policies NIP SOUTH
6.1	NIP SEMED MSME Financial Inclusion Programme (EBRD) SOUTH	EBRD	External Policies NIP SOUTH
6.1	NIP Women in Business (EBRD)	EBRD	External Policies NIP EAST
6.1	NIP Women in Business in EaP Phase II	EBRD	External Policies NIP EAST
6.1	Participation in MENA Fund for Micro-, Small and Medium Enterprises (SANAD) (KfW)	KfW	External Policies NIP SOUTH
6.1	Participation in MENA Fund for Micro-, Small and Medium Enterprises (SANAD) II (KfW)	KfW	External Policies NIP SOUTH
6.2	AgriFI Country Window for Sri Lanka	FMO	External Policies IFCA & AIF & APIF
6.2	Building Crisis-Resilient SMEs in Mongolia post Covid-19	EBRD	External Policies IFCA & AIF & APIF
6.2	Microfinance Initiative for Asia Debt Fund	KfW	External Policies IFCA & AIF & APIF
6.2	Support for Mongolian Economic Diversification through SME	EBRD	External Policies IFCA & AIF & APIF
6.2	Sustainable private sector in Central Asia	EBRD	External Policies IFCA & AIF & APIF
6.2	The SME Finance Facility for Central Asia - Phase 2	EBRD	External Policies IFCA & AIF & APIF
6.3	Green MSMEs KfW	KfW	External Policies LAIF & LACIF
6.3	Latin America Investment Facility Eco-Business Fund	KfW	External Policies LAIF & LACIF
6.3	Latin American Green Bond Funds	KfW	External Policies LAIF & LACIF
6.4	Africa Agriculture Trade and Investment Fund S.A. SICAF-SIV	KfW	External Policies Thematic blending
6.4	Africa Renewable Energy Scale Up Facility - Guarantee Fund	Proparco	External Policies Thematic blending
6.4	Agriculture Financing Initiative	FMO	External Policies Thematic blending
6.4	Climate Investor One	FMO	External Policies Thematic blending
6.4	Climate Investor One - Energy Efficiency Initiative	FMO	External Policies Thematic blending
6.4	Climate Investor Two	FMO	External Policies Thematic blending
6.4	Digital Energy Facility (DEF) for the Promotion of Energy Transition and Energy Access - Seed Financing	AFD	External Policies Thematic blending
6.4	Electrification Financing Initiative	FMO	External Policies Thematic blending
6.4	Facility for Energy Inclusion (FEI)	AfDB	External Policies Thematic blending
6.4	HURUMA Fund	Cofides	External Policies Thematic blending
6.4	The Spark+ Africa Fund	IFU	External Policies Thematic blending
6.4	Transferability and Convertibility Facility	Proparco	External Policies Thematic blending
6.4	Women's Financial Inclusion Facility	KfW	External Policies Thematic blending

## Overview

This report presents the operational and financial results in the implementation of the Union's financial instruments at the end of 2022.

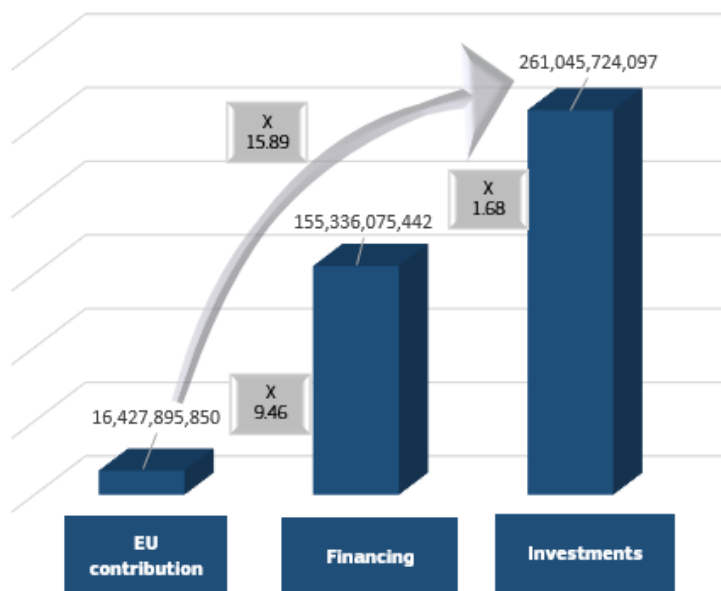
As regards internal policies, this report presents 22 financial instruments (from chapters 1 to 4) whose final recipients are predominantly located in the EU. These chapters are divided in 4 policy areas: Infrastructure & Climate Change, Research & Innovation, Social & Education and SME support.

As regards external policies, this report presents 57 financial instruments (from chapters 5 to 6) whose final recipients are predominantly located outside the EU. Out of these 57 financial instruments, 55 are part of 4 geographic and/or thematic blending facilities or platforms (chapter 5.1 and chapters 6.1 to 6.4) that provide support in different policy areas such as infrastructures in the transport, energy, and environment sectors, climate change, urban development, agriculture and SME support.

Financial instruments have in general a lifecycle spanning around 20 years, which suggests that their financial and operational performance is only fully observable over an extended period. While taking into account that the financial instruments included in this report offer a variety of financial products from equity to debt (guarantees and loans), risk-sharing facilities and capacity building; and that they relate to several MFF periods, a number of consolidated figures is presented below to provide a snapshot of the situation at the end of 2022 and give an overview of the performance of the financial instruments in the different policy areas.

### Performance, financing and investments

At the end of 2022, the **EU contribution committed** in all internal and external financial instruments amounted to EUR **16.43 bn**. When adding to the EU contribution the **financing mobilised from other sources of EUR 138.91 bn**, financial instruments have allowed for **EUR 155.34 bn of financing provided to final recipients**. This implies a leverage effect of the EU intervention of almost ten times the EU contribution committed. In other words, each euro invested by the EU budget in financial instruments has enabled on average almost EUR 10 of financing provided to final recipients.



The **total amount of investments** made by final recipients due to the received financing was of **EUR 261 bn**<sup>6</sup>. This figure points out to a multiplier effect of almost 16. In other words, each euro invested by the EU budget in financial instruments has enabled on average almost EUR 16 of investments made by final recipients due to the financing provided.

By the end of 2022, almost **5.5 million final recipients** have been supported by these financial instruments with an average EU contribution committed per final recipient of EUR 3,009 allowing for an average financing provided by the financial instruments of EUR 28,453 for an average investment of EUR 47,815 per final recipient.

Internal & External Policies	
Key figures (EUR)	All Instruments
EU Contribution committed	16,427,895,850
Leverage effect <sup>7</sup>	9.46
Multiplier effect <sup>8</sup>	15.89
Financing provided to final recipients	155,336,075,442
Number of final recipients	5,459,480
Investments made by final recipients due to the received financing	261,045,724,097
Average financing provided per final recipient	28,453
Average investment made per final recipient	47,815

The consolidated figures presented above do not include information on the differences and variations, notably as regards the eligible policy areas, the types of final recipients (from students to large companies) and their location, and the amounts of financing and investment allowed by the different financial instruments. Therefore, to provide additional detail the tables presented below disaggregate those consolidated figures by external and internal policies (and their policy areas).

The EU contribution committed in internal policies is almost 91% of the overall EU contribution committed (for both internal and external policies) and most of it has been allocated to SME support followed by Research & Innovation, Infrastructure & Climate change, and Social & Education.

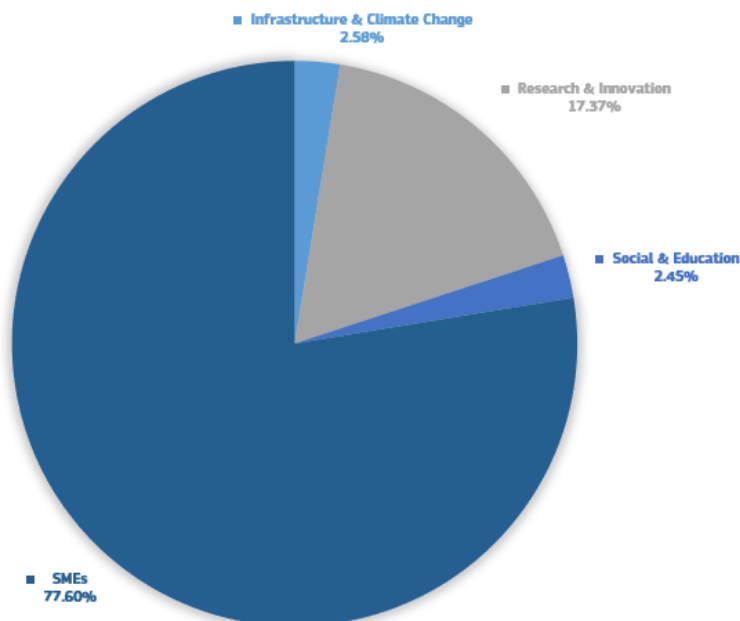
The graph below presents the split of financing provided to final recipients per policy area and shows that SMEs are the main final recipients of the support provided through financial instruments in internal policies.

<sup>6</sup> The investments made by final recipients are usually also financed by their own resources and by other public/private sources of financing that are not directly mobilised by the financial instrument.

<sup>7</sup> Article 2(38) FR defines leverage effect as the amount of reimbursable financing provided to eligible final recipients divided by the amount of the Union contribution.

<sup>8</sup> Article 2(38) FR defines multiplier effect as the investment by eligible final recipients divided by the amount of the Union contribution.

### Financing provided to final recipients (internal policies)



The EU contribution committed in internal policies mobilised financing from other sources of EUR 130,742,008,713; whereas in external policies the financing mobilised from other sources was of EUR 8,166,170,879.

Key figures (EUR)	Internal Policies				
	Infrastructure & Climate Change	Research & Innovation	Social & Education	SMEs	Total
EU Contribution committed <sup>9</sup>	1,191,763,597	3,191,830,000	618,909,862	9,878,397,625	14,880,901,084
Leverage effect	3.15	7.92	5.76	11.44	9.79
Multiplier effect	20.26	17.71	8.10	16.26	16.55
Financing provided to final recipients	3,758,481,604	25,293,190,947	3,565,521,792	113,005,715,454	145,622,909,797
Number of final recipients	30,236	4,414	204,645	1,307,884	1,547,179
Investments made by final recipients due to the received financing	24,143,400,321	56,519,910,529	5,014,767,034	160,617,449,544	246,295,527,427
Average financing provided per final recipient	124,305	5,730,220	17,423	86,403	94,122
Average investment made per final recipient	798,498	12,804,692	24,505	122,807	159,190

When looking at the different policy areas in internal policies, the average financing provided per final recipient is of EUR 94,122 (ranging from EUR 14,423 in Social & Education to EUR 5,73 m in Research & Innovation), whereas in external policies this average is of EUR 2,483.

<sup>9</sup> Including EFSI top-ups for a total of EUR 3,340 m (3.1.a EaSI-G EUR 300m; 4.1 COSME LGF EUR 1.484 m; 4.3 InnovFin SME Guarantee EUR 1.400 m; 4.6 CCS GF EUR 130 m).

External Policies	
Key figures (EUR)	
EU Contribution committed	1,546,994,766
Leverage effect	6.28
Multiplier effect	9.53
Financing provided to final recipients	9,713,165,645
Number of final recipients <sup>10</sup>	3,912,301
Investments made by final recipients due to the received financing <sup>11</sup>	14,750,196,669
Average financing provided per final recipient	2,483
Average investment made per final recipient	3,770

The average investment made per final recipient is of EUR 3,770 in external policies which is significantly lower than the EUR 159,190 average investment in internal policies (rising to EUR 12.80 m for Research & Innovation investments).

The fact that the average financing provided and the average investment per final recipient are lower in external policies also results from the fact that the number of final recipients is 2.5 times higher in external policies (3.9 million against 1.5 million in internal policies).

#### **Reflows from financial instruments assigned to InvestEU and to the Public Sector Loan Facility**

The total amount of reflows, from the financial instruments included in this report, entered into the budget in 2022 was EUR 142.58 m, of which EUR 2.39 m<sup>12</sup> were returned to the general budget and EUR 140.19 m were returned to be (re)used.

Reflows Financial Instruments (EUR)	2022	All years
Total reflows entered into the budget, of which:	142,573,796	2,039,977,063
<i>to the general budget</i>	2,385,632	67,739,018
<i>returned to be used</i>	140,188,164	1,972,238,044

Article 35 of the InvestEU Regulation<sup>13</sup> sets out that any revenues, repayments and recoveries from predecessor financial instruments listed in Annex IV of the InvestEU Regulation may be used for the provisioning of the EU guarantee under InvestEU. In addition, as follows from Article 5(2) of the Public Sector Loan Facility ('PSLF') Regulation<sup>14</sup>, up to EUR 275 m of assigned revenue must be provided by repayments stemming from financial instruments established under the programmes listed in Annex I of this Regulation.

<sup>10</sup> Not including 6.1 Neighbourhood Investment Platform (NIP) as data on the number of final recipients supported was not available at the reporting date.

<sup>11</sup> For 5.1 Western Balkans Investment Framework (WBIF) and 5.3 Facility for Euro-Mediterranean Investment and Partnership (FEMIP) Debt instrument, the information on "Investments made by final recipients due to the received financing" was not available at the reporting date. To calculate the multiplier effect, it is assumed that the investments made by final recipients are at least equal to the received financing.

<sup>12</sup> Revenues from external financial instruments 5.2 GEEREF (EUR 0.121 m), 6.4 Thematic Blending (EUR 1.53 m) and from the internal financial instrument 1.6 Marguerite (EUR 0.738 m).

<sup>13</sup> Regulation (EU) 2021/523 of the European Parliament and of the Council of 24 March 2021 establishing the InvestEU Programme and amending Regulation (EU) 2015/1017.

<sup>14</sup> Regulation (EU) 2021/1229 of the European Parliament and of the Council of 14 July 2021 on the public sector loan facility under the Just Transition Mechanism.



Overall, reflows for an amount of EUR 220.24 m have been assigned, in 2022 and 2021, to InvestEU and the Public Sector Loan Facility. In 2022, EUR 37.04 m have been assigned to InvestEU and EUR 103.15 m to the Public Sector Loan Facility for a total amount of EUR 140.19 m (i.e., the full amount of 2022 reflows returned to be used). This is an increase of EUR 60.14 m when compared to the total reflows assigned to InvestEU and the Public Sector Loan Facility in 2021 (in total EUR 80.05 m).

Reflows Financial Instruments (EUR)	2022	2021
Revenues	37,040,615 <sup>15</sup>	19,604,218 <sup>16</sup>
Repayments	103,147,549 <sup>17</sup>	60,449,681 <sup>18</sup>
<b>Total reflows assigned to InvestEU and PSLF</b>	<b>140,188,164</b>	<b>80,053,899</b>
<b>Total reflows assigned to InvestEU and PSLF – 2022/2021</b>	<b>220,242,063</b>	

The table below further details the financial instruments included in this report from which reflows have been assigned to InvestEU and to the Public Sector Loan Facility<sup>19</sup>.

Reflows Financial Instruments (EUR)		2022		2021	
		To InvestEU	To PSLF	To InvestEU	To PSLF
1.1	Connecting Europe Broadband Fund (CEBF)			35,141	
1.2	Connecting Europe Facility (CEF) – Debt Instrument	5,938,457		8,411,293	
1.6	The 2020 European Fund for Energy, Climate Change and Infrastructure (Marguerite)		19,994,394		14,561,815
2.1	Horizon 2020 Loan Services for R&I Facility	4,925,641	4,603,069	11,188,767	
3.1.b	EaSI Capacity Building Investments (EaSI CBI)			38,694	
3.2.a	European Progress Microfinance (EPMF FCP-FIS)		1,548,429	3,823,545	4,531,001
4.1	COSME Loan Guarantee Facility (LGF)	1,389,494			
4.2	COSME Equity Facility for Growth (EFG)		18,288,601		861,887
4.3	SMEs & Small Midcaps R&I Loans Service under Horizon 2020 (InnovFin SME Guarantee)	3,650,162		5,877,139	
4.4	Equity Facility (early-stage capital) for Research and Innovation of Horizon 2020 (InnovFin Equity)	1,280,395		2,564,957	
4.7	SME Guarantee Facility (SMEG07) - CIP SMEG 07	780,259			3,019,799
4.8	High Growth and Innovative SME Facility (GIF) - CIP GIF	19,076,208	58,713,056	2,676,995	22,462,865
	<b>TOTAL</b>	<b>37,040,615</b>	<b>103,147,549</b>	<b>34,616,531</b>	<b>45,437,368</b>
	<b>TOTAL 2022/2021</b>	<b>140,188,164</b>		<b>80,053,899</b>	
	<b>TOTAL 2022/2021 InvestEU</b>	<b>71,657,146</b>			
	<b>TOTAL 2022/2021 PSLF</b>	<b>148,584,917</b>			
	<b>TOTAL 2022/2021 InvestEU and PSLF</b>	<b>220,242,063</b>			

<sup>15</sup> Assigned to InvestEU.

<sup>16</sup> Assigned to InvestEU.

<sup>17</sup> Assigned to the Public Sector Loan Facility.

<sup>18</sup> EUR 15.01 m assigned to InvestEU, and EUR 45.44 m assigned to the Public Sector Loan Facility.

<sup>19</sup> An additional EUR 59.25 m have also been assigned to InvestEU in 2022 (revenues - EUR 40.11 m), and to the Public Sector Loan facility in 2021 (repayments - EUR 0.83 m) and in 2022 (repayments - EUR 18.31 m) from the European Technology Facility (ETF98 and ETF01) and from the Technology Transfer Pilot project (TTP).



## A. Infrastructure & Climate change

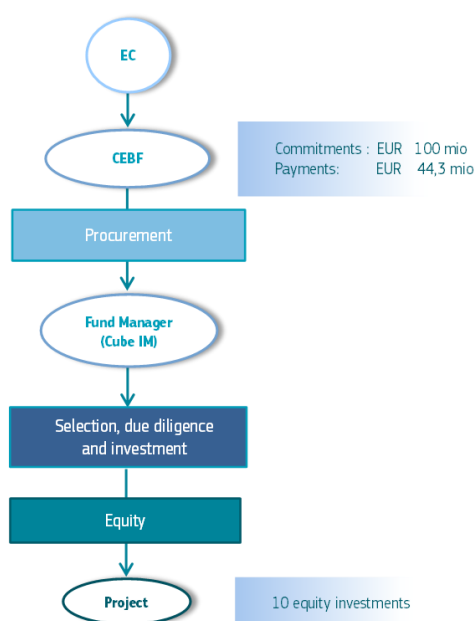
### 1.1 Connecting Europe Broadband Fund (CEBF)

#### Description

Identification / Reference to the basic act			
Regulation (EU) No 1316/2013 of the European Parliament and the Council of 11 December 2013 establishing the Connecting Europe Facility, amending Regulation (EU) No 913/2010 and repealing Regulations (EC) No 680/2007 and (EC) No 67/2010 (OJ L 348, 20.12.2013, p. 129).			
Budget lines			
02.029907 under the current nomenclature			
(EUR)	2022	2023	2024
<b>Budgetary commitment appropriations</b>	0.00	0.00	0.00
<b>Budgetary payment appropriations</b>	12,232,812.59	16,000,000.00	10,000,000.00

Initial financial envelope:	EUR 100,000,000
Current financial envelope:	EUR 100,000,000
Overall financial envelope:	EUR 100,000,000

#### General description



Financing provided : **EUR 182,1 mio**  
Investment realised: **EUR 833,3 mio**

The Connecting Europe Broadband Fund (hereafter, the ‘CEBF’ or ‘the Fund’) is implemented under the CEF Equity instrument under direct management by the European Commission (DG CONNECT).

The CEBF was set up to meet the growing demand for financing of smaller-scale broadband projects across Europe, which did not have easy access to funding.

The CEBF has a budget of EUR 555 million for broadband investment and is expected to unlock total investments of EUR 1-1.7 billion. The Fund can provide equity and quasi-equity financing including mezzanine.

#### Duration

The overall duration of the fund is planned for 20 years (until 2038) but there is the possibility of an early termination clause for the fund at 12 years, which is closer to a standard infrastructure Private Equity fund. The investment period will last until June 2023, but it could be extended twice by one year.

#### Added value, final recipients and projects

The CEBF invests in underserved areas where there are strong opportunities for profitability. Eligible countries are EU Member States, as well as Norway and Iceland.

Projects (whether fixed line or mobile) should make a significant contribution to the achievement of the targets of the Digital Agenda for Europe (DAE), which means, at the minimum, the support to the connectivity necessary to achieve the DAE Target 2 (30 Mbps) and/or Target 3 (100 Mbps). Furthermore, in case of fixed line networks, minimum speed levels in line with DAE target 3 (100 Mbps) should be permanently available for at least one or several retail products out of the operator's commercial product offerings. Priority should be given to projects that facilitate the transition towards a European Gigabit Society by the deployment of networks upgradable to 1 Gigabit as well as to projects based on wholesale-only models.

The projects are to be deployed predominantly in underserved areas, which would be typically classified as grey Next Generation Access ('NGA') networks (i.e., only one NGA network exists or is planned) and white NGA areas (no NGA network exists), for state aid purposes. The Fund is meant to support operators to cope with the large capital expenditures and long payback periods required to build Fibre to the Home networks. This is particularly true for the roll-out in rural areas where the lower density results in typically very high payback periods exceeding sometimes 10 years and going up to 20 years.

CEBF only invests in "greenfield" projects. These projects are defined as investments carried out by "start-up" companies or companies that have an asset base which is small compared to the cumulative investments planned for new assets.

The EUR 100m from the CEF Equity Instrument budget was committed in the junior equity tranche, subordinated to all other investors. Reinforced by an EFSI guarantee covering further EUR 100m, CEBF was designed to reduce the reluctance from institutional investors and long-term funds to substantially invest in greenfield fiber to the home (FttH) infrastructures. Beyond the traditional risk of greenfield projects (that are not cash/yield producing assets as in the case of brownfields) these projects carry additional risks principally due to the lack of visibility of revenue ramp-up and the strong return sensitivity to market penetration speed.

### **Financial institutions involved in implementation**

The Fund has been launched on 27 June 2018 with EUR 420 million at first closing through commitments from:

- The EIB for EUR 140 million (out of which EUR 100 million are backed by the EFSI);
- The European Commission, via the Connecting Europe Facility ('CEF'), for EUR 100 million;
- The German KfW for EUR 50 million;
- The Italian Cassa di Risparmio di Roma for EUR 50 million;
- The French Caisse des Dépôts for EUR 50 million;
- An additional EUR 25 million contributed by a European private investor; and
- Cube IM (fund manager) for EUR 5 million.

Cube IM is a professional asset manager with extensive experience in infrastructure and, in particular, broadband investments in Europe and has been selected via an open and competitive selection process carried out by the EIB. For alignment of interests, Cube IM has subscribed into the Fund for an amount of EUR 5 million.

Three new closings occurred since the launch with the final one taking place in June 2021. The total commitments made to the Fund to date amount to EUR 555 million, effectively outperforming the initial target set at the beginning of the project of EUR 500 million.

## Operational Performance

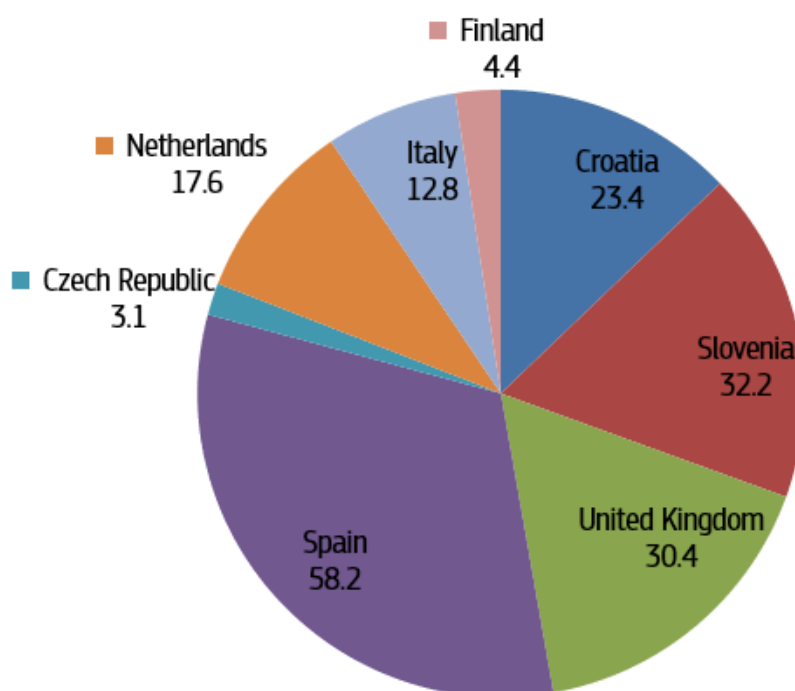
### Contribution to the achievement of the objectives of the programme

The projects in which the Fund has invested so far will deploy high quality FTTH network for 1,500,000 residential, business and public administration premises mostly in rural areas. 625,000 premises have already been passed with fibre.

One project will also deploy a backbone of about 1,800 km in Spain.

### Geographical diversification

The CEBF can invest in all EU Member States, as well as EEA Member States participating in CEF Telecom, namely Iceland and Norway. The project pipeline shows solid geographical diversification, as do the projects already signed by the Fund to date for a total amount of EUR 182.1 m (2 in Spain and Italy, 1 project each in Croatia, Slovenia, the United Kingdom<sup>20</sup>, Czechia, the Netherlands and Finland).



### Main issues for the implementation

As of today, the main difficulty for the European Commission remains to determine properly the amount of payment appropriations (PA) to be set aside for a given year (and all the more, for the foreseeable years on a monthly basis), due to the uncertainties linked to the ongoing developments of the project pipeline.

In line with the overall trend of FTTH adoption in Europe, the uptake of connections is not following up with the progress of the deployment. As the Fund targets underserved areas, hurdles to adoption such as digital literacy and income levels are exacerbated.

### Performance, financing and investments

The CEBF signed its first operation in January 2019. As at 31 December 2022, the Fund has invested in ten projects for a total invested capital of EUR 127,686,230 and divested from one.

<sup>20</sup> Project signed when the U.K was still an EU Member State.

Key figures (EUR)	Actual	Target
EU Contribution committed <sup>21</sup>	100,000,000	100,000,000
Leverage effect	1.82	5.20
Multiplier effect	8.33	10.00
Operations	10	17
Financing provided to final recipients	182,100,000	520,000,000
Number of final recipients	10	17
Investments made by final recipients due to the received financing	833,000,000	1,000,000,000

## Financial Information

Financial Information (EUR)	Connecting Europe Broadband Fund - CEF Equity Instrument		
Type of instrument (loan, guarantee, equity, blending, other)	Equity		
Year of inception	2018		
Implementing Partner	CUBE Infrastructure Managers		
	Notes	2022	All years
<b>EU Contribution</b>			
Budgetary commitments		0.00	100,000,000.00
<i>of which from third countries</i>		0.00	0.00
<i>of which from reflows</i>		0.00	0.00
Budgetary payments		12,612,612.59	44,336,920.36
<b>Reflows</b>	<b>(1)</b>		
Revenues		0.00	45,143.09
Repayments		0.00	3,666,984.00
Total reflows entered into the budget, of which:		0.00	3,712,127.09
<i>to the general budget</i>		0.00	10,001.83
<i>returned to be used</i>		0.00	3,702,125.26
<b>Losses from operations</b>			
<b>Guarantees</b>			
Guarantees called		0.00	0.00
Guarantee calls recovered		0.00	0.00
<b>Equities</b>			
Realised losses		0.00	0.00
<b>Loans</b>			
Write offs		0.00	0.00
<b>Management fees and other charges</b>			
Administrative fees		0.00	0.00
Incentive fees		0.00	0.00

<sup>21</sup> This amount (EUR 100 million) only includes direct CEF funding. The CEBF receives additional EFSI support (EUR 100 million) via EIB's capital share.

Treasury management fees		0.00	0.00
Other charges		0.00	0.00
<b>Revenues</b>			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		0.00	10,001.83
Net treasury result (including interest) (gains (+) / losses (-))		0.00	-0.17
Net FX gains (+) / losses (-)		0.00	0.00
Other revenues		0.00	35,141.26
	<b>Notes</b>	<b>2022</b>	<b>2021</b>
<b>Risk exposure</b>			
Maximum financial risk exposure		56,181,230.63	68,678,978.00
Value of equity investments		518,151.00	403,285.82
	<i>Investment at cost</i>	44,336,920.37	31,724,307.78
Value of loans		0.00	0.00
	<i>Loans at cost</i>	0.00	0.00
Financial liabilities and provisions		0.00	0.00
<b>Assets under treasury management</b>			
Balance in the fiduciary bank account (including short term deposits <3months)		0.00	0.00
	<i>in euro</i>	0.00	0.00
	<i>in non-euro currencies</i>	0.00	0.00
Other financial assets (including short term deposits >3months)		0.00	0.00

## Notes to the financial information

(1) Most of the reflows were returned to be re-used by deducting them from the Commission disbursement in response of new capital calls. Repayments allowed to reduce the management fees. In line with Article 35(1) of the InvestEU Regulation, 2021 reflows in the amount of EUR 35,141.26 were assigned to InvestEU.

## Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

N/A

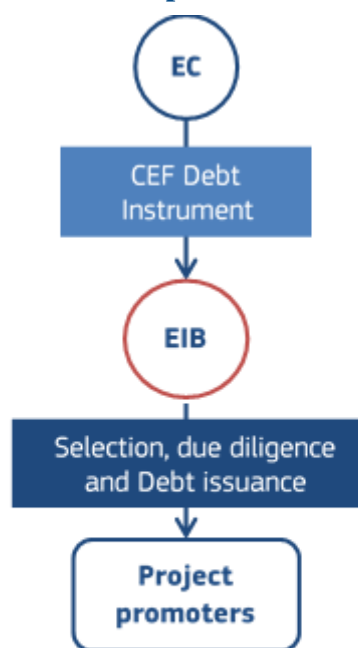
## 1.2 Connecting Europe Facility (CEF) – Debt Instrument

### Description

Identification / Reference to the basic act			
Regulation (EU) No 1316/2013 of the European Parliament and of the Council of 11 December 2013 establishing the Connecting Europe Facility, amending Regulation (EU) No 913/2010 and repealing Regulations (EC) No 680/2007 and (EC) No 67/2010			
Budget lines			
02 02 99 05 and 02 02 99 06			
(EUR)	2022	2023	2024
<b>Budgetary commitment appropriations</b>	0.00	0.00	0.00
<b>Budgetary payment appropriations</b>	0.00	0.00	0.00

Initial financial envelope <sup>22</sup> :	EUR 2,557,000
Current financial envelope <sup>23</sup> :	EUR 755,000,000
Overall financial envelope <sup>24</sup> :	EUR 2,536,000,000

### General description



Financing provided: **EUR 2,176 bn**  
 Investment realised: **EUR 18,135 bn**

The CEF Debt Instrument was established through Regulation (EU) No 1316/2013 of the European Parliament and of the Council of 11 December 2013 establishing the Connecting Europe Facility, amending Regulation (EU) No 913/2010 and repealing Regulations (EC) No 680/2007 and (EC) No 67/210.

The CEF Debt instrument aims to facilitate greater private sector involvement in the long-term financing of transport, energy and telecommunication projects.

### Duration

The implementation of the CEF Debt started in July 2015, when the Delegation Agreement with the EIB was signed.

The commitment and approval periods ended respectively in 2020 and 2022. The subsequent signature period ends on 31 December 2023.

### Added value, final recipients and projects

The goal of the CEF Debt Instrument is to contribute to Trans-European Network (TEN) goals by addressing market failures.

All operations under the Debt Instrument are supported by a risk sharing mechanism with the EIB where the EU budget takes 95% to 100% of the first loss piece of the portfolio of such operations (100% only in the

<sup>22</sup> Initial envelope available for CEF DI, as per Art.9 of CEF DI Delegation Agreement of 2015.

<sup>23</sup> Committed amount.

<sup>24</sup> This amount includes EUR 1 billion budget used to support the 2017 CEF Transport Blending Call. The CEF Regulation allows for implementing projects with FIs, using up to 8.4% of the total CEF budget envelope.

case of non-securitisable financing). The first loss provisioning provided by the EU budget is shared among all projects in the three sectors covered by the CEF DI. This allows for higher diversification and hence maximises the number of projects that can be supported by the CEF Debt Instrument.

### **Financial institutions involved in implementation**

The EIB is the entity entrusted with the implementation of the CEF Debt Instrument.

## **Operational Performance**

### **Contribution to the achievement of the objectives of the programme**

The CEF DI has been used effectively to deliver projects of EU added value. By the end of 2022, the CEF DI portfolio (including the legacy LGTT and PBI instruments<sup>25</sup>) has grown to 35<sup>26</sup> projects in 14<sup>27</sup> Member States with:

- Total investment realised EUR 18,135 million
- Achieved leverage and multiplier effects: 3 and 24

The CEF Debt Instrument (CEF-DI) Delegation Agreement was amended in June 2019 to focus on green innovative investments, to ensure complementarity with the European Fund for Strategic Investments (EFSI) and to allow the absorption of unused NER 300<sup>28</sup> funds (managed by DG CLIMA) to be implemented through the CEF Debt Instrument in the transport sector. The amended CEF-DI Delegation Agreement introduces the 'Future Mobility' financial product to support high-risk deployment of alternative fuels infrastructure, the roll out of innovative technologies and smart mobility services.

The amendment of the Delegation Agreement resulted in an increase of the portfolio with operations notably covering the deployment of electric buses and electric-vehicle fleets; the installation of electric and hydrogen charging points; the development of innovative technologies and smart mobility services for port and rail terminals. The instrument also paved the way for a strong pipeline of projects under the successor instrument InvestEU.

### **Geographical diversification**

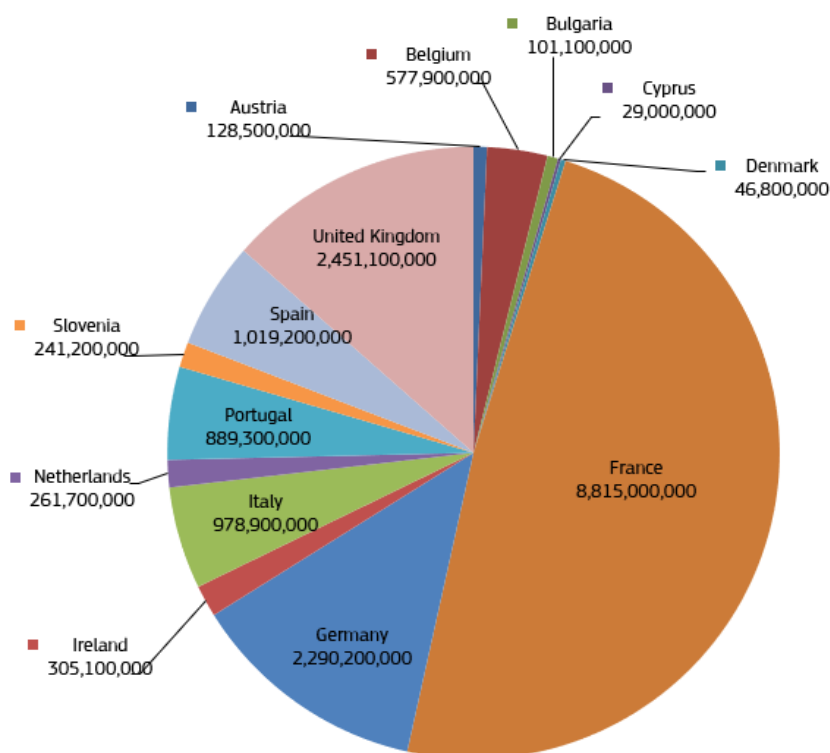
As mentioned above, by the end 2022 the CEF DI portfolio (including the legacy LGTT and PBI instruments) comprised 35 projects in 14 Member States. The distribution of total project investments (EUR 18,135 billion) is as follows:

<sup>25</sup> Loan Guarantee for TEN Transport and Project Bond Initiative

<sup>26</sup> This figure includes operations already fully reimbursed.

<sup>27</sup> 2 transactions in the United Kingdom were all signed prior to the UK's withdrawal from the EU (31.01.2020) and are therefore listed.

<sup>28</sup> EU ETS funding programme for innovative demonstration renewable energy and CCS projects



### Main issues for the implementation

Due to the overlap in eligibility of the CEF Debt Instrument and EFSI, and the more flexible eligibility criteria of EFSI compared to CEF, the CEF DI had initially performed below expectations. The CEF DI Delegation Agreement was subsequently amended to increase the complementarity between the CEF DI and EFSI (amendment entered into force in 2019), and to implement contributions from unused NER300 funds. In the telecom sector, the entire commitment amount of EUR 17,5 million has been successfully mobilized in a single transaction in support of a fiber rollout project in Slovenia. In the transport sector, the CEF DI budget was exhausted and NER300 contribution were also used to support operations. As regards the energy sector, the pipeline remained constrained, and no operations have been eventually pursued by the end of the approval period (31.12.2022).

### Performance, financing and investments

The achieved multiplier exceeds 20. This high multiplier is reflective of the subordinated nature of the financing supported by the CEF DI for many projects in the CEF DI portfolio.

Key figures (EUR)	Actual	Target
EU Contribution committed	755,023,980	N/A
Leverage effect	2.88	N/A
Multiplier effect	24.02	6 to 15
Operations	35	N/A
Financing provided to final recipients	2,176,260,000	N/A
Number of final recipients	35	N/A
Investments made by final recipients due to the received financing	18,135,040,000	N/A



## Financial Information

Financial Information (EUR)	Connecting Europe Facility Debt Instrument (CEF DI)		
Type of instrument (loan, guarantee, equity, blending, other)	Guarantee		
Year of inception	2015		
Implementing Partner	European Investment Bank		
	Notes	2022	All years
<b>EU Contribution</b>			
Budgetary commitments			755,023,980.11
<i>of which from third countries</i>		0.00	0.00
<i>of which from reflows</i>		0.00	6,881,250.95
Budgetary payments		0.00	755,023,980.11
<b>Reflows</b>	<b>(1)</b>		
Revenues		5,938,457.40	54,284,865.98
Repayments		0.00	0.00
Total reflows entered into the budget, of which:		5,938,457.40	54,284,865.98
<i>to the general budget</i>		0.00	2,028,733.22
<i>returned to be used</i>		5,938,457.40	52,256,132.76
<b>Losses from operations</b>			
<b>Guarantees</b>			
Guarantees called		0.00	0.00
Guarantee calls recovered		0.00	0.00
<b>Equities</b>			
Realised losses		0.00	0.00
<b>Loans</b>			
Write offs		0.00	0.00
<b>Management fees and other charges</b>			
Administrative fees		1,626,600.00	16,813,030.13
Incentive fees		2,425,000.00	13,419,375.00
Treasury management fees		404,513.27	4,260,609.27
Other charges		5,810.00	52,412,896.35
<b>Revenues</b>			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		3,520,148.61	94,066,212.86
Net treasury result (including interest) (gains (+) / losses (-))		-59,000,805.81	-25,567,050.11
Net FX gains (+) / losses (-)		0.00	70,900.90
Other revenues		0.00	20,036.40
	Notes	2022	2021
<b>Risk exposure</b>			
Maximum financial risk exposure		647,581,439.00	567,581,439.29
Value of equity investments		0.00	0.00
<i>Investment at cost</i>		0.00	0.00

Value of loans		0.00	0.00
	<i>Loans at cost</i>	0.00	0.00
Financial liabilities and provisions		33,216,225.04	30,055,591.54
<b>Assets under treasury management</b>			
Balance in the fiduciary bank account (including short term deposits <3months)		0.00	0.29
	<i>in euro</i>	0.00	0.00
	<i>in non-euro currencies</i>	0.00	0.00
Other financial assets (including short term deposits >3months)		696,094,804.21	761,837,869.42

### Notes to the financial information

(1) The majority of the reflows were assigned to EFSI (EUR 35.34 m). In line with Article 35(1) of the InvestEU Regulation, 2021 reflows in the amount of EUR 8,411,292.60 and 2022 reflows of EUR 5,938,457.40 were assigned to InvestEU.

### Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

N/A

## 1.3 Private Finance for Energy Efficiency Instrument (PF4EE)

### Description

Identification / Reference to the basic act			
Regulation (EU) No 1293/2013 of the European Parliament and of the Council of 11 December 2013 on the establishment of a Programme for the Environment and Climate Action (LIFE) and repealing Regulation (EC) No 614/2007 (OJ L 347, 20.12.2013, p. 185), and in particular Article 17(1) thereof.			
Budget lines			
02 02 99 09 under the current nomenclature			
(EUR)	2022	2023	2024
<b>Budgetary commitment appropriations</b>	0.00	0.00	0.00
<b>Budgetary payment appropriations</b>	0.00	p.m.	p.m.

<b>Initial financial envelope:</b>	EUR 80,000,000
<b>Current financial envelope:</b>	EUR 105,000,000
<b>Overall financial envelope:</b>	EUR 105,000,000

### General description

The LIFE programme is the EUs funding instrument for the environment and climate action, with a main objective to contribute to the implementation, updating and development of EU environmental and climate policy and legislation by co-financing projects with European added value. Aside from providing action grants to projects and operating grants to non-governmental organisations, LIFE programme also developed financial instruments, such as Private Finance for Energy Efficiency Instrument (PF4EE).

PF4EE aims to help address market barriers by investing in projects that would not attract affordable financing because they are considered as too high risk. Therefore, its core objective is the deployment of energy efficient loans across Europe, increasing the availability of debt financing to support priorities set in the National Energy Efficiency Action Plans (NEEAPs) or the National Energy and Climate Plans (NECPs) of Member States.

### Duration

The Commitment Period for Phase I of the PF4EE Instrument ended on 31 December 2017, with the exception of Repayments, which may be re-used until 31 December 2022. The Commitment Period for Phase II ended on 31 December 2020, with the exception of Repayments, which may be re-used until 31 December 2022.

The Implementation Period, during which the EIB may commit the EU Contribution Committed, started on the signature of the Delegation Agreement (08/12/2014) and ended the 31/12/2019 for Phase I. For Phase II, the Implemented Period ended on 31 December 2022.

### Added value, final recipients and projects

Thanks to the guarantee provided by the LIFE programme, the EIB can provide access to adequate and affordable commercial debt financing to the promoters of energy efficiency (“EE”) investments. The final recipients include private individuals, home-owner associations, SMEs, corporates and/or public institutions/bodies.

PF4EE has two components:

- a risk mitigation mechanism (the PF4EE Instrument Risk Sharing Facility or RSF) for Financial Intermediaries to partially recover losses they may incur in their energy efficiency loan portfolio;
- an advisory component (the PF4EE Instrument Expert Support Facility or ESF), aimed at providing expert support to the Financial Intermediaries.

PF4EE can be combined with a dedicated financing line from EIB (the “EIB Energy Efficiency Loan”) to improve the funding terms of the financing to Energy Efficiency promoters.

The design of the Risk Sharing Facility enables the Commission to provide credit risk protection to the financial intermediaries in respect of their loans to Final Recipients. The EIB loans complement the RSF and are provided by the EIB at competitive rates and with long-maturities.

### **Financial institutions involved in implementation**

The EIB is the entrusted entity for the PF4EE Instrument.

## **Operational Performance**

### **Contribution to the achievement of the objectives of the programme**

The PF4EE Instrument was designed to contribute to the general objectives of the LIFE Regulation (Regulation (EU) No 1293/2013). In particular, the PF4EE Instrument:

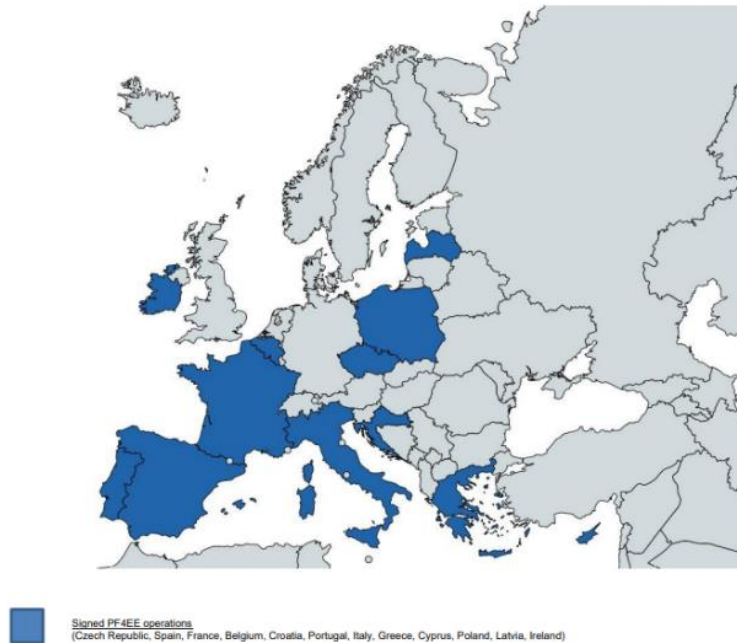
- (i) Addresses a major climate policy issue, contributing to the achievement of the Europe 2020 objective to secure energy savings and the associated reduction in emissions;
- (ii) Provides the necessary level of piloting and demonstration of a new policy instrument, with major potential to deliver EU added value;
- (iii) Complements and supports Member States’ responsibilities under their National Energy Efficiency Action Plans (NEEAPs) or their National Energy and Climate Plans (NECPs), as the case may be;
- (iv) Offers the potential to improve the cost-effectiveness of the LIFE Programme through leverage and complementarity;
- (v) Builds longer term capacity in a sustainable commercial finance activity thereby ensuring continuing and long-term support for sustainable development;
- (vi) Supports solidarity and burden sharing; and
- (vii) Offers the potential to mainstream the initiative into Member State programmes (through NEEAPs and potentially other programmes and initiatives in line with EU Directives relating to Energy Efficiency).

The entire budget available for the Risk Sharing Facility has been committed in line with the target.

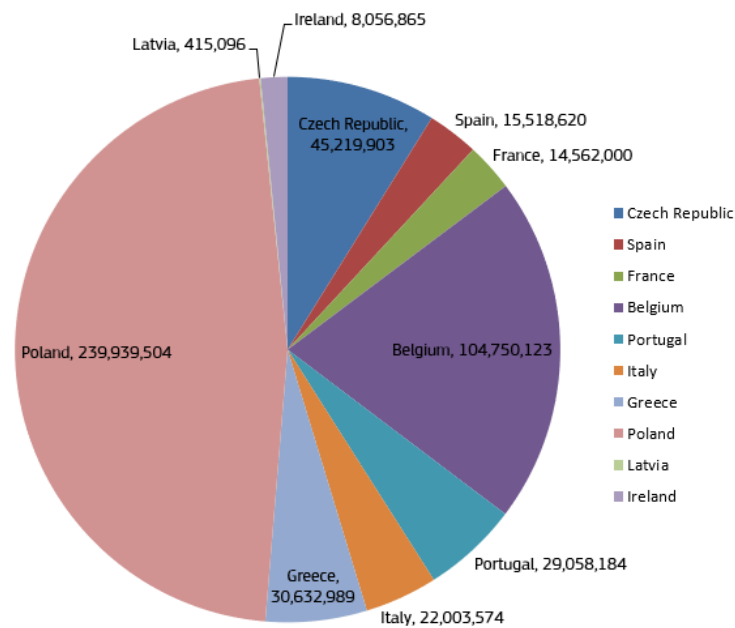
15 operations have been signed, out of which two (2) have been signed by the EIB in 2022.

### **Geographical diversification**

Geographical diversification of PF4EE is focused on the EU Member States. As reflected in the map below, PF4EE has been able to cover a big part of the EU territories and was able to gather interest in many more countries eager to initiate and develop financial products catered to Energy Efficiency projects.



The geographical distribution of investments made by final recipients (EUR 510 million) is depicted below. Not all collateral agreements signed in 2021 and 2022 have yet resulted in loans or investments – hence no values appear below due to lack of operations since the signature of those agreements:



### Main issues for the implementation

During the first years of implementation, the realised EE investments under the PF4EE instrument has been somewhat slower than originally envisaged, driven by – among others – the lack of existing infrastructure dedicated to energy efficiency lending products across European FIs. In more detail, the participating FIs needed to build their internal capacity that would allow them to address the EE-lending as a distinct market segment.

Moreover, with a view to enhance the actual implementation progress, several targeted actions were performed (e.g., further development of the Expert Support Facility in order to enhance the origination capacity of the FIs, a market-driven geographical diversification in combination with enabling of ESCO

structures). These actions have brought some very positive results in terms of the programme implementation, mainly in terms of appetite from new clients and ramping up of actual pipeline with some of the existing operations.

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A slowdown in the year-over-year increase in Investments is observed in 2022 due simply to the expiry of some operations coinciding with the signature of new operations. The rate of new signatures is expected to increase steadily in the coming years.

Some of the financial instruments have been lagging behind in terms of actual implementation and further measures may need to be taken in the future in order to further enhance PF4EE's implementation, especially for newer FIs. Nevertheless, the PF4EE instrument is well underway to reach its lifetime targets.

## Performance, financing and investments

Key figures (EUR)	Actual	Target
EU Contribution committed	105,000,000	105,000,000
Leverage effect	3.64	5.33
Multiplier effect	4.86	6.67
Operations	15	9 - 14
Financing provided to final recipients	382,047,996	560,000,000
Number of final recipients	30,141	1,167
Investments made by final recipients due to the received financing	510,156,858	700,000,000

## Financial Information

Financial Information (EUR)	Private Financing for Energy Efficiency Instrument (PF4EE)		
	Notes	2022	All years
Type of instrument (loan, guarantee, equity, blending, other)	Guarantee		
Year of inception	2014		
Implementing Partner	EIB		
<b>EU Contribution</b>			
Budgetary commitments		0.00	105,000,000.00
<i>of which from third countries</i>		0.00	0.00
<i>of which from reflows</i>		0.00	0.00
Budgetary payments		0.00	60,126,667.00
<b>Reflows</b>			
Revenues		0.00	0.00
Repayments		0.00	0.00
Total reflows entered into the budget, of which:		0.00	0.00
<i>to the general budget</i>		0.00	0.00

<i>returned to be used</i>		0.00	0.00
<b>Losses from operations</b>			
<b>Guarantees</b>			
Guarantees called		0.00	88,212.00
Guarantee calls recovered		0.00	27,740.00
<b>Equities</b>			
Realised losses		0.00	0.00
<b>Loans</b>			
Write offs		0.00	0.00
<b>Management fees and other charges</b>			
Administrative fees		52,863.00	4,200,001.00
Incentive fees		165,276.00	2,100,000.00
Treasury management fees		0.00	0.00
Other charges		319,011.00	2,652,631.00
<b>Revenues</b>			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		327,890.00	1,019,453.00
Net treasury result (including interest) (gains (+) / losses (-))		79,427.00	79,427.00
Net FX gains (+) / losses (-)		-277,686.00	-785,507.00
Other revenues		0.00	0.00
	<b>Notes</b>	<b>2022</b>	<b>2021</b>
<b>Risk exposure</b>			
Maximum financial risk exposure		72,457,437.00	78,700,000.00
Value of equity investments		0.00	0.00
<i>Investment at cost</i>		0.00	0.00
Value of loans		0.00	0.00
<i>Loans at cost</i>		0.00	0.00
Financial liabilities and provisions		7,326,537.00	6,498,096.00
<b>Assets under treasury management</b>			
Balance in the fiduciary bank account (including short term deposits <3months)		53,117,808.00	53,437,967.00
<i>in euro</i>		37,903,315.00	37,945,787.00
<i>in non-euro currencies</i>		15,214,493.00	15,492,180.00
Other financial assets (including short term deposits >3months)		0.00	0.00

## Notes to the financial information

N/A

**Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years**

N/A

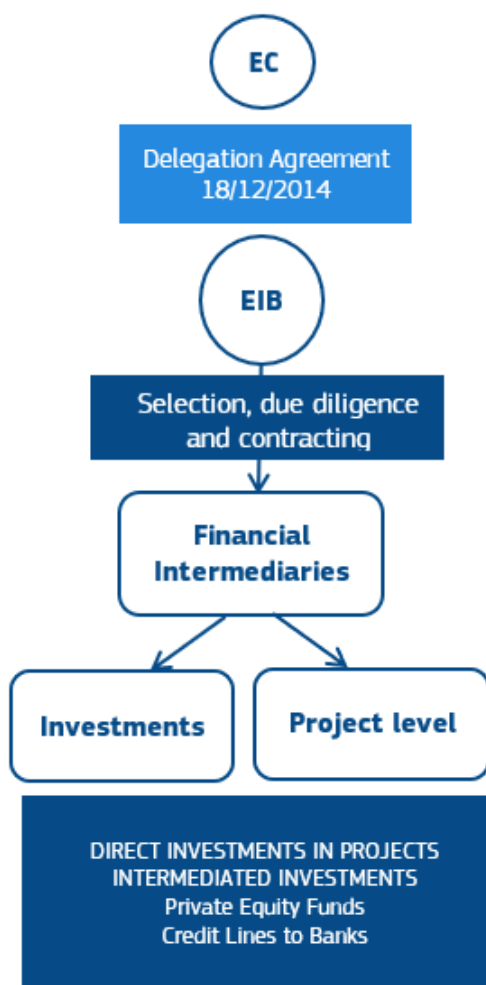
## 1.4 Natural Capital Financing Facility (NCFF)

### Description

Identification / Reference to the basic act			
Regulation (EU) No 1293/2013 of the European Parliament and of the Council of 11 December 2013 on the establishment of a Programme for the Environment and Climate Action (LIFE) and repealing Regulation (EC) No 614/2007 (OJ L 347, 20.12.2013, p. 185), and in particular Article 17(1) thereof.			
Budget lines			
02 02 9909			
(EUR)	2022	2023	2024
<b>Budgetary commitment appropriations</b>	0.00	0.00	0.00
<b>Budgetary payment appropriations</b>	0.00	0.00	0.00

Initial financial envelope:	EUR 60,000, 000
Current financial envelope:	EUR 60,000,000
Overall financial envelope:	EUR 60,000,000

### General description



The NCFF provides direct and indirect financing for natural capital investment projects. The financing may consist in loans or equity. It finances upfront investments and operating costs for revenue-generating or cost-saving projects which promote the conservation, restoration, management and enhancement of natural capital and contribute to the Union's objectives for biodiversity and climate change adaptation, e.g., through ecosystem-based solutions to challenges related to land, soil, forestry, agriculture, water and waste.

### Duration

The second amendment signed in December 2021 has extended the implementation phase of NCFF until and including 2022.

### Added value, final recipients and projects

The added value of the NCFF is that it addresses current market gaps and barriers for the private financing of projects in the field of biodiversity and climate change adaptation. The aim is to establish a pipeline of replicable, bankable investments that will serve as a "proof of concept" and that demonstrate to private investors the attractiveness of such investments for the longer term. A further aim is to leverage funding from private investors for this pipeline of investments. The NCFF supports projects that the EIB normally does not invest in, because they are too small, the time to ensure an investment return is too long, or the perceived credit risk of biodiversity and climate change adaptation investments is too high.



## **Financial institutions involved in implementation**

The EIB is the entrusted entity for the NCFF Instrument.

## **Operational Performance**

### **Contribution to the achievement of the objectives of the programme**

The NCFF Instrument contributes to meeting the general objectives of the LIFE regulation. In particular, the NCFF Instrument's objective was to provide a proof of concept to demonstrate that biodiversity and climate adaptation projects can be financed through innovative and sustainable market-based mechanisms in addition to existing grant-based financing.

By the end of December 2022, the NCFF portfolio comprised of 11 signed operations, out of which eight direct loans, two indirect loan operations and one equity agreement for the Irish Sustainable Forest Fund. The prevailing project categories were forestry and urban green infrastructures.

In the reporting year, two loans have been signed with intermediate beneficiaries in Romania and Luxembourg. The loan in Romania allows an acquisition of semi-mature forests and enhancing value through ecological principles, for close-to-nature management with low-disturbance high value timber extraction.

The loan in Luxembourg will be used for the phased plan to renature the Alzette River and its tributary, the Pétrusse, in the heart of Luxembourg, restoring it to its natural course and profile and reopening of the floodplain. The project seeks to restore both rivers to their original natural courses and conditions, increasing biodiversity and offering natural solutions for reducing flood risk.

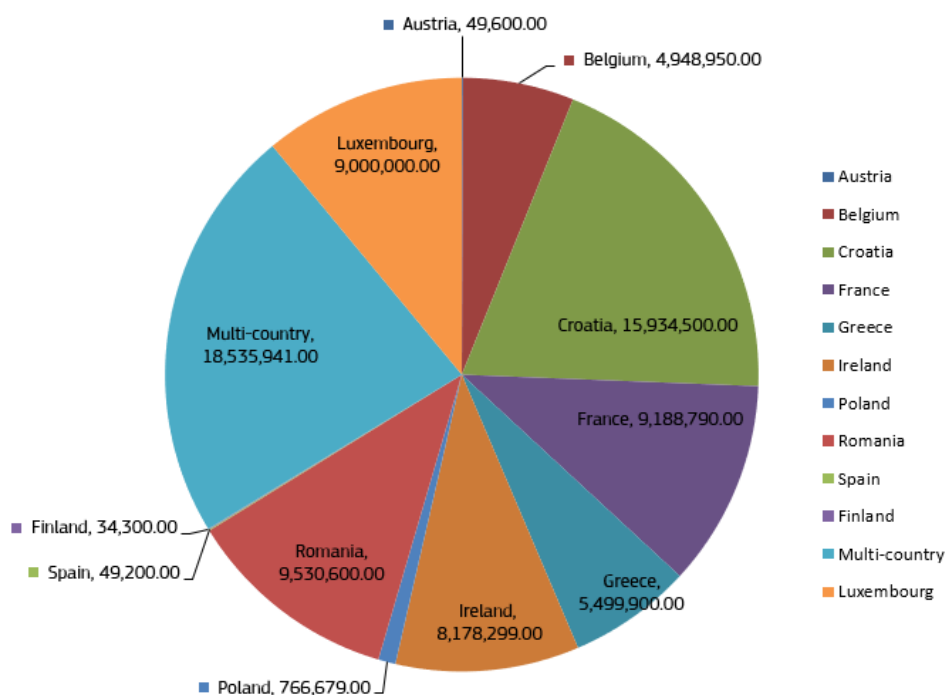
In 2022, the technical support facility supported eight operations.

### **Main issues for the implementation**

The reporting year 2022 was the final year of the implementation phase. Whereas the pilot initiative fulfilled its objective to finalise up to 12 operations within the implementation phase, the target volume of a 100-125 million of financing covering both debt and equity operations has not been reached. There were possibly several reasons for the shortfall in relation to volume, one being the small size of submitted operations. The NCFF as a market priced instrument was sensitive to the macroeconomic developments like historically low interest rates affecting the uptake of the financial instruments. In addition, the consequence of the pandemic and related economic shock affected timing of projects pipeline building. The main reason though is that nature-based solutions' projects are historically a public domain and it is rather difficult to attract investors seeking a return-on-investment proofs. The lengthy project preparations requiring staff involvement without a revenue stream during the preparation phase played a major obstacle for applicants. The rather modest results of the pilot initiative confirm a main role of the public sector in financing nature for the time being, but also a scope for further development of the innovative and more ambitious business models.

### **Geographical diversification**

The aim was to invest 9 to 12 operations as broadly as possible in the Member States to reach a geographical balance within the EU in accordance with criteria settled in the Delegation Agreement governing the NCFF instrument. The broad geographical coverage was to enhance the effectiveness of the pilot phase. The eleven operations from the NCFF Investment facility amount to 76.883.679 EUR. They were signed with financial intermediaries from Ireland, Croatia, Greece, France, Belgium, Luxembourg, Romania and Poland. Within the geographical coverage in eight Member states, the desired geographical spread was achieved. The support from the technical support facility amounting to 4.833.080 EUR concerns operations in Romania, Spain, Ireland, Finland and Austria and all over the Europe.



## Performance, financing and investments

Key figures (EUR)	Actual	Target
EU Contribution committed	60,000,000.00	60,000,000.00
Leverage effect	1,36	2-4
Multiplier effect	1.90	N/A
Operations	11	9-12
Financing provided to final recipients	81,716,759.00	125,000,000.00
Number of final recipients	13.00	30
Investments made by final recipients due to the received financing	114,403,462.60	168,000,000.00

## Financial Information

Financial Information (EUR)	Natural Capital Financing Facility		
Type of instrument (loan, guarantee, equity, blending, other)	Loan, Equity		
Year of inception	2014		
Implementing Partner	European Investment Bank		
	Notes	2022	All years
<b>EU Contribution</b>			
Budgetary commitments		0.00	60,000,000.00
<i>of which from third countries</i>		0.00	0.00
<i>of which from reflows</i>			1,578.00
Budgetary payments			12,645,000.00
<b>Reflows</b>	<b>(1)</b>		
Revenues		20,378.00	93,707.00
Repayments		0.00	0.00
Total reflows entered into the budget, of which:		0.00	0.00

	<i>to the general budget</i>		0.00	0.00
	<i>returned to be used</i>		0.00	0.00
<b>Losses from operations</b>				
<b>Guarantees</b>				
	Guarantees called		0.00	0.00
	Guarantee calls recovered		0.00	0.00
<b>Equities</b>				
	Realised losses		0.00	0.00
<b>Loans</b>				
	Write offs		0.00	0.00
<b>Management fees and other charges</b>				
	Administrative fees		376,312.00	1,799,781.00
	Incentive fees		125,444.00	287,965.00
	Treasury management fees		0.00	0.00
	Other charges		909,716.00	2,435,205.00
<b>Revenues</b>				
	Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		20,378.00	95,634.00
	Net treasury result (including interest) (gains (+) / losses (-))		19,426.00	19,426.00
	Net FX gains (+) / losses (-)		0.00	0.00
	Other revenues		0.00	0.00
		Notes	2022	2021
<b>Risk exposure</b>				
	Maximum financial risk exposure		21,406,798.00	14,585,798.00
	Value of equity investments		0.00	0.00
	<i>Investment at cost</i>		0.00	0.00
	Value of loans		0.00	0.00
	<i>Loans at cost</i>		0.00	0.00
	Financial liabilities and provisions		1,169,210.00	122,669.00
<b>Assets under treasury management</b>				
	Balance in the fiduciary bank account (including short term deposits <3months)		9,279,212.00	9,807,534.00
	<i>in euro</i>		9,279,212.00	9,807,534.00
	<i>in non-euro currencies</i>		0.00	0.00
	Other financial assets (including short term deposits >3months)		0.00	0.00

## Notes to the financial information

**(1)** The reflows in the form of revenues were used to cover management costs and fees of the instrument.

### Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

N/A

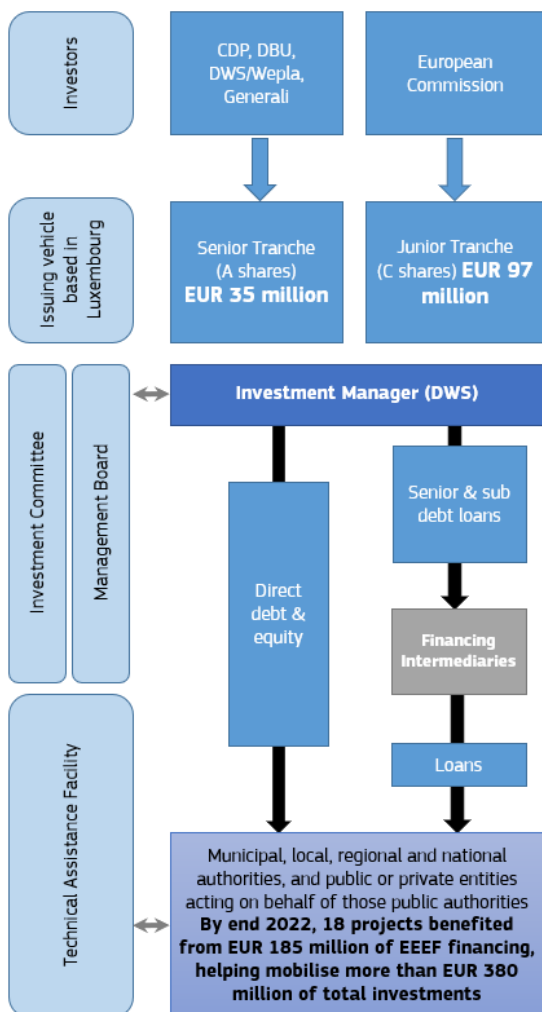
# 1.5 European Energy Efficiency Fund (EEEF)

## Description

Identification / Reference to the basic act			
Regulation (EU) No 1233/2010 of the European Parliament and the Council of 15 December 2010 amending regulation (EC) No 663/2009 establishing a programme to aid economic recovery by granting Community financial assistance to projects in the field of energy.			
Budget lines			
Article 02.039904 - Completion of previous "Energy projects to aid economic recovery"			
(EUR)	2022	2023	2024
<b>Budgetary commitment appropriations</b>	0.00	0.00	0.00
<b>Budgetary payment appropriations</b>	0.00	0.00	0.00

Initial financial envelope:	EUR 146,334,644
Current financial envelope:	EUR 116,203,765
Overall financial envelope:	EUR 116,203,765

## General description



The EEEF is an alternative investment company with variable capital governed by the laws of the Grand-Duchy of Luxembourg and incorporated in the form of a public limited liability company.

It was established through Regulation (EU) No 1233/2010 of the European Parliament and of the Council of 15 December 2010 amending Regulation No. 663/establishing a programme to aid economic recovery by granting Community financial assistance to projects in the field of energy.

The EEEF instrument is a public-private investment vehicle, with the objective to enhance energy saving, energy efficiency and foster renewable energy sources within the European Union, primarily through the provision of dedicated financing to municipal, local, regional or national authorities and public or private entities acting on behalf of those public authorities.

## Duration

The average duration between the EU budgetary commitment to the financial instrument and the legal commitments for individual projects in the form of equity or debt, is difficult to report on in a meaningful way. Insofar as the fund is open-ended and through time, investments are made increasingly from income, redemption proceeds and new capital injections, rather than from funds in the initial budgetary commitment.

The fact that the Commission's shares have a redemption date in 2034 may also affect the evolution of legal commitments to projects until that date.

### **Added value, final recipients and projects**

The added value of the Union contribution is because the EEEF aims to support the climate goals of the European Union (EU 2030 framework for climate and energy and the climate-neutral objectives of the European Green Deal) to promote a sustainable energy environment and foster climate protection by enabling projects in European cities, regions and communities to build resilient infrastructure.

### **Financial institutions involved in implementation**

The fund is jointly managed by its shareholders who are principally the Commission, DBU, CdP and DWS/Wepla. DWS is the entrusted fund manager for the EEEF Instrument. New shareholders will join the fund as of 2023, including Generali and Deutsch Bank Pension Fund in the Netherlands.

## **Operational Performance**

### **Contribution to the achievement of the objectives of the programme**

The EEEF had successfully disbursed EUR 99.8 million of EU contribution to the allocated projects by the end of the investment period, providing innovative financing solutions to energy efficiency and renewable projects. As of 31 December 2022, more than EUR 185 million have been allocated to 18 projects that have generated more than EUR 380 million of total investments. These projects already allowed reaching more than 7 million people annually.

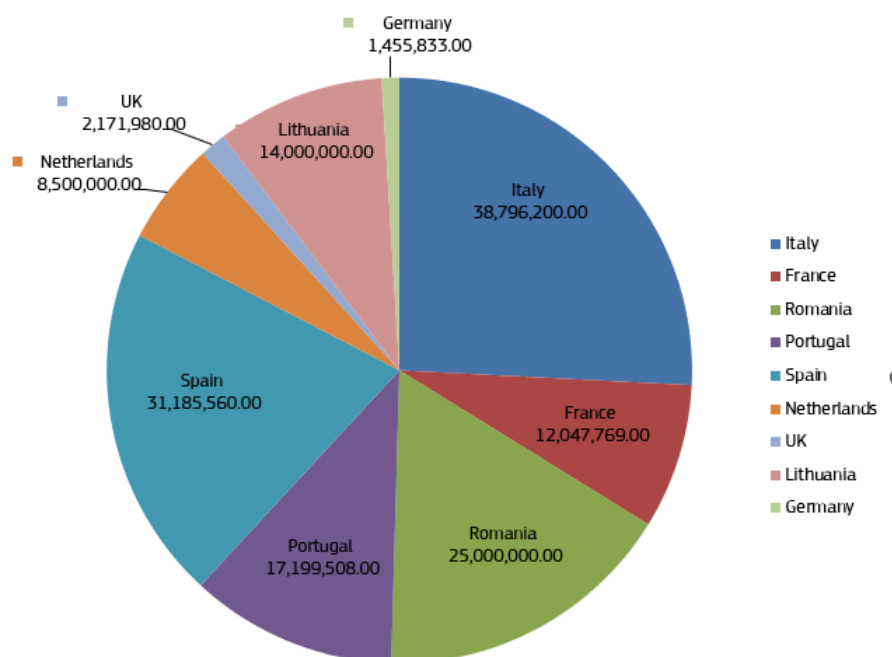
No losses have been incurred since the inception of the fund, despite the variety of financing instruments and technologies financed. Two project loans have now matured, with the proceeds returned to the fund for reinvestment. The fund has paid dividends every year since 2013, including complementary dividends since 2015. Some of these dividends have partly financed the EEEF Technical Assistance facility.

Total investment realised: EUR 380.80 million

Achieved leverage and multiplier effect: 1,86 - .3,81

### **Geographical diversification**

As of 31 December 2022, the EEEF have financed 18 projects in total. The 18 projects can be split in two categories i) a group of 16 projects where the Fund is actively investing and ii) a group of 2 other projects, both located in France, where the EEEF investments (worth EUR 35 million) have matured. The fund aims to diversify investments further geographically and to increase its role in the newer EU Member states. The geographical distribution to the 16 projects where the EEEF is actively investing EUR 150 million of financing is described in the chart below:



## Main issues for the implementation

From an operational point of view, the fund remains financially healthy but has continued to have its activity limited in 2022 by capital constraints. These constraints were stemming from the redemption of all Class B shares of EUR 10.2 million, respectively owned by EIB (EUR 2,9 million), CDP (2,3 million) and DWS (EUR 5 million).

In order to address these capital constraints, the Fund has been actively seeking replacement investment. In 2021, following extensive discussions with the shareholders, the Fund modified its legal basis and now has a much more flexible legal framework to obtain financing.

In parallel, to these legal changes the fund entered in intensive negotiations with potential investors. The outcome was successful – in December 2021, Generali Invest took a decision to commit EUR 77 million into EEEF A shares. In Q3, the fund has received a first tranche of EUR 20 million from Generali.

In addition, the fund received a commitment request from Stichting Pensioenfonds Deutsche Bank Nederland for an investment amount of EUR 20 million.

As a result, the total commitment in A-shares has reached EUR 122 million in 2022, exceeding for the first time the total commitment in C-shares held by the Commission (EUR 97 million). The EEEF thus becomes the first fund in which the Commission participated directly with such a sizeable private sector investment.

In the light of the capital constraints, which the EEEF faced in 2022, the Fund was only able to commit financing to 1 new project to support the smart city implementation plan from the city of Gijon, Spain, with a forfaiting facility of up to EUR 19,5 million, with a term of 11 years to finance the renovation of lightning points and buildings.

The upcoming investments will allow the Fund to finance some of the projects in its pipeline: by December 2021, the Fund project pipeline included 12 projects with a potential value of EUR 147 million.

The EUR 21,2 million EC technical assistance facility was created together with the Fund and provided grants for project development services related to technical and financial preparation of projects. The EC technical assistance facility stopped functioning at the end of 2017 and was replaced by the EEEF Technical Assistance facility, the fund's own project development support platform. The EEEF TA facility has received ELENA funds, under the Horizon 2020 Programme of the European Union and builds on the

experience gained from its predecessor facility. In 2021, EUR 4,9 million have been decommitted, reducing the total TA envelope to EUR 16,3 million.

In 2022, the fund has signed 2 new technical assistance contracts with the cities of Sestao (Spain) and Daugavpils (Latvia), and now supports ten beneficiaries in Italy, Spain, Latvia and Lithuania. The EEEF technical assistance activities allowed reaching more than 1.6 million people annually

## Performance, financing and investments

Key figures (EUR)	Actual	Target
EU Contribution committed	99,829,868	125,000,000
Leverage effect	1.86	N/A
Multiplier effect	3.81	N/A
Operations	18	N/A
Financing provided to final recipients	185,356,849	N/A
Number of final recipients	18	N/A
Investments made by final recipients due to the received financing	380,800,000	N/A

## Financial Information

Financial Information (EUR)	European Energy Efficiency Fund (EEEF)		
Type of instrument (loan, guarantee, equity, blending, other)	debt, equity		
Year of inception	2011		
Implementing Partner	DWS		
	Notes	2022	All years
<b>EU Contribution</b>			
Budgetary commitments		0.00	116,203,765.34
<i>of which from third countries</i>		0.00	0.00
<i>of which from reflows</i>		0.00	0.00
Budgetary payments		0.00	116,203,765.34
<b>Reflows</b>	<b>(1)</b>		
Revenues		0.00	0.00
Repayments		0.00	4,498,415.32
Total reflows entered into the budget, of which:		0.00	4,498,415.32
<i>to the general budget</i>		0.00	0.00
<i>returned to be used</i>		0.00	4,498,415.32
<b>Losses from operations</b>			
<b>Guarantees</b>			
Guarantees called		0.00	0.00
Guarantee calls recovered		0.00	0.00
<b>Equities</b>			
Realised losses		0.00	0.00
<b>Loans</b>			
Write offs		0.00	0.00

<b>Management fees and other charges</b>			
Administrative fees		0.00	0.00
Incentive fees		0.00	0.00
Treasury management fees		0.00	0.00
Other charges		0.00	168,397.95
<b>Revenues</b>			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		0.00	0.00
Net treasury result (including interest) (gains (+) / losses (-))		0.00	0.00
Net FX gains (+) / losses (-)		0.00	0.00
Other revenues		0.00	571.00
	<b>Notes</b>	<b>2022</b>	<b>2021</b>
<b>Risk exposure</b>			
Maximum financial risk exposure		108,829,690.95	106,568,946.95
Value of equity investments		108,829,690.95	106,568,946.95
	<i>Investment at cost</i>	97,044,383.00	97,044,383.00
Value of loans		0.00	0.00
	<i>Loans at cost</i>	0.00	0.00
Financial liabilities and provisions		0.00	0.00
<b>Assets under treasury management</b>			
Balance in the fiduciary bank account (including short term deposits <3months)		0.00	0.00
	<i>in euro</i>	0.00	0.00
	<i>in non-euro currencies</i>	0.00	0.00
Other financial assets (including short term deposits >3months)		0.00	0.00

## Notes to the financial information

(1) Reflows amounting to almost EUR 4.5 million have been used to finance projects under CEF Energy 2021-2027 first call for proposals, as per Article 32(1) FR. In that respect, it contributed to supporting energy infrastructure PCIs that have significant socio-economic benefits and ensure greater solidarity among Member States, but which do not receive adequate financing from the market. The projects supported pursued the goals and objectives of the Green Deal, as well as the Paris Agreement and the 2030 climate and energy targets and long-term decarbonisation objectives.

## Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

N/A



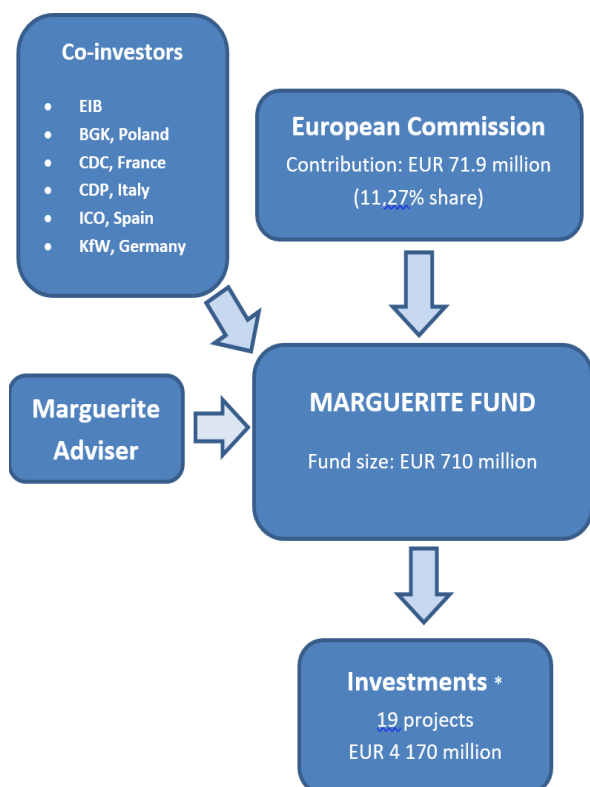
## 1.6 The 2020 European Fund for Energy, Climate Change and Infrastructure (Marguerite)

### Description

Identification / Reference to the basic act			
Regulation (EC) No 680/2007 of the European Parliament and of the Council of 20 June 2007 laying down general rules for the granting of Community financial aid in the field of the trans-European transport and energy networks (OJ L 162, 22.6.2007, p. 1).			
Commission Decision C(2010) 941 of 25 February 2010 on European Union participation in the 2020 European Fund for Energy, Climate Change and Infrastructure (the Marguerite Fund).			
Budget lines			
Article 02.029906 — Completion of previous "Connecting Europe Facility (CEF) — Transport" programmes (prior to 2021).			
(EUR)	2022	2023	2024
<b>Budgetary commitment appropriations</b>	0.00	0.00	0.00
<b>Budgetary payment appropriations</b>	504,000	1,083,988.92	0.00

Initial financial envelope:	EUR 80,000,000
Current financial envelope:	EUR 71,909,749
Overall financial envelope:	EUR 71,909,749

### General Description



The Marguerite Fund is an equity fund based in Luxembourg, focused on investing in infrastructure projects and companies in transport, energy, and mature renewable energy.

The overall objective of the Marguerite Fund is generating a long-term rate of return on the investments made and attracting private investors as well as public investors. However, the final shareholding in the fund itself, was limited to public sector investors whereas private investment was mobilised at the level of the projects financed by the fund.

The Commission directly manages its investment in the Marguerite Fund; there is no delegation or sub-delegation agreement to any entrusted entity. The investment in the Fund is managed by DG ECFIN through a cross-delegation from DG MOVE.

The contributions are paid directly hence no trust account is established. The Commission is a pari-passu investor with a 11,27% stake, together with the EIB and five national promotional banks (“core sponsors”, each of them having a 14% stake).

The Investment Adviser "Marguerite Adviser S.A." employs the Advisory Team and provides investment advisory services to the Fund under an Advisory agreement. Marguerite Investment Management S.A. is a wholly owned entity of the Marguerite Adviser S.A. and is responsible for the Fund valuation, portfolio management and risk management.

## **Duration**

The Marguerite Fund was set up in 2010 with an initial fundraising objective of EUR 1 500 000 000. The final size of the Marguerite Fund was EUR 710 000 000 (final closing occurred on 31 December 2012). The maximum maturity of the Fund has been set at a term of 20 years from the start of the initial closing (3 December 2009) but may be extended for up to two additional one-year periods (up to December 2031).

## **Added value, final recipients and projects**

By investing in Marguerite, the Commission has been able to achieve a high multiplier effect on the investment made. Moreover, the Fund was managed on market terms and ensured an adequate return to the investment deployed, thereby increasing the effectiveness and efficiency of the budget as a whole.

Marguerite Fund demonstrated that public financial institutions, along with the Commission, can co-invest in an equity fund that operates on market terms and is considered as a credible investor by other players in the market. The experience of the Commission contribution to the Marguerite Fund also increased its understanding of investment in equity funds.

The Fund's focus on investing in greenfield projects was an important differentiating factor from other infrastructure funds which had a greater interest for investing in brownfield projects. In addition, Marguerite has been able to close deals in, at the time, undeveloped infrastructure markets such as Croatia for TEN-T and Poland and Romania for waste-to-energy and onshore wind.

## **Financial institutions involved in implementation**

N/A

## **Operational Performance**

### **Contribution to the achievement of the objectives of the programme**

As of end December 2022, the Marguerite portfolio comprises of 5 projects based in 5 Member States. It represents a total equity commitment EUR 319 million.

By the end of the investment period term as of 31 December 2017, the Marguerite Fund has:

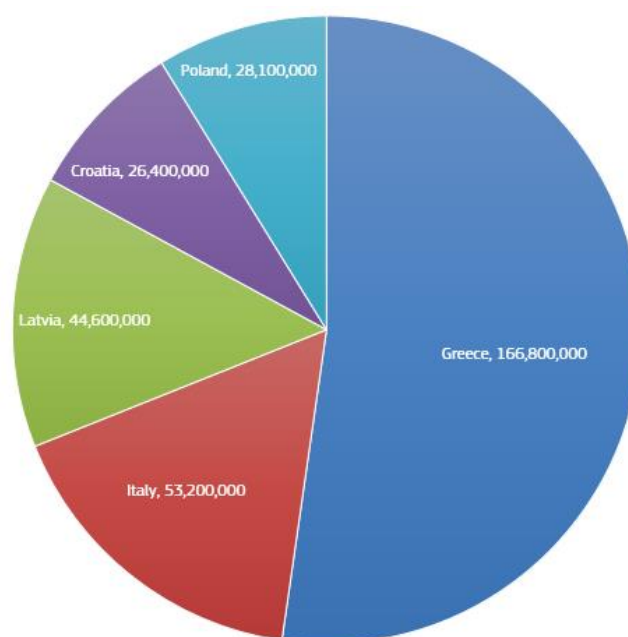
- been fully invested
- respected the objectives of diversification of the portfolio
- made more than 85% of the investments in the Core Sectors
- invested more than 65% of commitments in Greenfield projects

In total, the Fund invested in 19 projects in 13 Member States. It represented a total equity commitment by the Fund of EUR 751 million.

In total EUR 4,17 billion was mobilised at the end of the investment period.

## **Geographical diversification**

The Fund invested in a geographically diversified portfolio of investments accounting for EUR 751 million throughout the EU (in a total of 13 Member States) with regards to the needs of, and opportunities in, new EU member states (5 in EU-13 member states). The remaining equity commitments that are currently in the Fund's portfolio account for EUR 319 million and are distributed as shown in the chart.



## Main issues for the implementation

N/A

## Performance, financing and investments

Key figures (EUR)	Actual	Target
EU Contribution committed	71,909,749	80,000,000
Leverage effect	10,44	18,75
Multiplier effect	58	49,31
Operations	N/A	20-30
Financing provided to final recipients	751.000.000 *	1,500,000,000
Number of final recipients	19	20-30
Investments made by final recipients due to the received financing	4,170,000,000	3,945,436,872

\* The closing of the Fund in 2012 was concluded at EUR 751 million compared to the initial target of EUR 1.5 billion which was a market potential based on the 2009 ex-ante market analysis. The evolving market situation and the specificity of the Fund's governance structure, notably the weight of public investors, limited its capacity to attract private sector investment in the Fund.

## Financial Information

Financial Information (EUR)	The 2020 European Fund for Energy, Climate Change and Infrastructure (Marguerite)		
Type of instrument (loan, guarantee, equity, blending, other)	Equity		
Year of inception	2010		
Implementing Partner	N/A		
	Notes	2022	All years
<b>EU Contribution</b>	<b>(1)</b>		
Budgetary commitments		0.00	71,909,748.92
<i>of which from third countries</i>		0.00	0.00
<i>of which from reflows</i>		0.00	0.00

Budgetary payments		504,000.00	70,825,760.00
<b>Reflows</b>	<b>(2)</b>		
Revenues		7,371,886.28	7,371,886.28
Repayments		13,360,508.09	52,922,323.37
Total reflows entered into the budget, of which:		20,732,394.37	60,294,210.65
<i>to the general budget</i>		738,000.60	738,000.60
<i>returned to be used</i>		19,994,393.77	59,556,209.05
<b>Losses from operations</b>			
<b>Guarantees</b>			
Guarantees called		0.00	0.00
Guarantee calls recovered		0.00	0.00
<b>Equities</b>			
Realised losses		0.00	0.00
<b>Loans</b>			
Write offs		0.00	0.00
<b>Management fees and other charges</b>			
Administrative fees		0.00	0.00
Incentive fees		0.00	0.00
Treasury management fees		0.00	0.00
Other charges		0.00	0.00
<b>Revenues</b>			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		0.00	7,371,886.28
Net treasury result (including interest) (gains (+) / losses (-))		0.00	0.00
Net FX gains (+) / losses (-)		0.00	0.00
Other revenues		0.00	0.00
	<b>Notes</b>	<b>2022</b>	<b>2021</b>
<b>Risk exposure</b>			
Maximum financial risk exposure		49,826,950.80	56,419,016.63
Value of equity investments		30,765,524.63	37,290,796.63
<i>Investment at cost</i>		664,000.00	160,000.00
Value of loans			
<i>Loans at cost</i>		0.00	0.00
Financial liabilities and provisions		0.00	0.00
<b>Assets under treasury management</b>			
Balance in the fiduciary bank account (including short term deposits <3months)		0.00	0.00
<i>in euro</i>		0.00	0.00
<i>in non-euro currencies</i>		0.00	0.00
Other financial assets (including short term deposits >3months)		0.00	0.00

## **Notes to the financial information**

- (1) As of 31 December 2022, the Commission committed EUR 71,9 million (reduced from initial EUR 80 million commitment) and paid a total of EUR 70,8 million as of end of 2022.
- (2) In 2022, the Commission recovered Marguerite Fund distributions totalling EUR 20,732,394 of which EUR 7,371,886.28 were revenues and EUR 13,360,508.09 were repayments. In total for all years, the Commission recovered EUR 60,294,210.65 of distributions which entered into budget. 2022 reflows in the amount of EUR 19,994,393.77 and 2021 reflows in the amount of EUR 14,561,815.28 were assigned to the Public Sector Loan Facility.

### **Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years**

N/A

## B. Research & Innovation

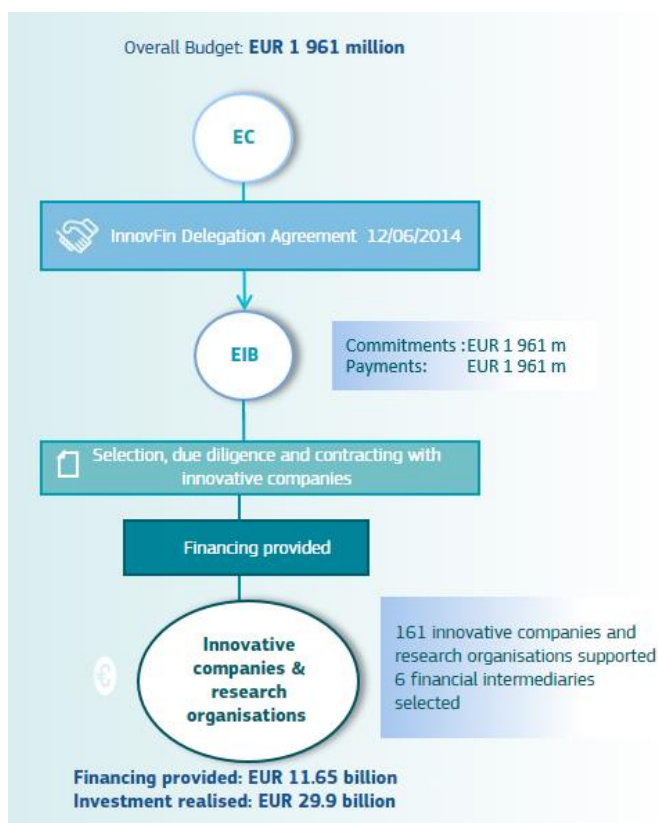
### 2.1 Horizon 2020 Loan Services for R&I Facility

#### Description

Identification / Reference to the basic act			
Regulation (EU) No 1291/2013 of the European Parliament and of the Council of 11 December 2013 establishing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020) (OJ L 347/104, 20.12.2013)			
Regulation (EU) No 1290/2013 of the European Parliament and of the Council of 11 December 2013 laying down the rules for participation and dissemination in "Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020)" (OJ L 347/81, 20.12.2013).			
Council Decision 2013/743/EU of 3 December 2013 establishing the specific programme implementing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020) (OJ L 347/965, 20.12.2013).			
Budget lines			
02.029903			
(EUR)	2022	2023	2024
<b>Budgetary commitment appropriations</b>	0.00	0.00	0.00
<b>Budgetary payment appropriations</b>	261,497,773	0.00	0.00

Initial financial envelope:	EUR 1,060,000,000
Current financial envelope:	EUR 1,961,100,000
Overall financial envelope:	EUR 1,961,100,000

#### General description



The Horizon 2020 Loan Services for R&I Facility (branded InnovFin) aims to increase the supply of loans, financial leases, mezzanine finance, guarantees and counter-guarantees, securitisation, equity and other forms of risk finance to R&I-driven enterprises, universities, public research organisations, R&I Infrastructures and Innovation-enabling Infrastructures and other entities located in Member States or Horizon 2020 Associated Countries.

This instrument helps addressing riskier projects or sub-investment grade promoters carrying out RDI investments across all Horizon 2020 Societal Challenges. It contains a particular approach to address the financing needs of midcap companies (with employees between 500 and 3 000).

#### Duration

The facility is planned to last until 31 December 2033 (until the last operations are wound down)

## **Added value, final recipients and projects**

The InnovFin facility offers better access to risk finance in an open, demand-driven way through direct loans or hybrid/mezzanine investments made available by the EIB as well as through risk-sharing (guarantees) involving other banks and financial intermediaries.

The InnovFin facility covers a broad spectrum of final recipients with a flexible loan financing approach. The set of thematic products are complemented by a dedicated guarantee facility for loans and leases for innovative SMEs and Small Midcaps.

The funding of the Loan and Guarantee Service for Research and Innovation has two main components:

- demand-driven, providing loans and guarantees on a first-come, first-served basis, with specific support for final recipients such as SMEs and mid-caps. This component responds to the steady and continuing growth seen in the volume of Risk Sharing Finance Facility lending, which is demand-led. This demand-driven component is supported by the budget of the Horizon 2020 Access to Risk Finance programme.
- targeted, focusing on policies and key sectors crucial for tackling societal challenges, enhancing competitiveness, supporting sustainable, low-carbon, inclusive growth, and providing environmental and other public goods. Specific examples include the thematic products such as InnovFin Energy Demonstration Projects and InnovFin Infectious Diseases Finance facility, as well as the Thematic Investment Platforms, such as the European Circular Bioeconomy Fund. This component helps the Union to address research and innovation aspects of sectorial policy objectives. Additional funding can be provided from other programmes (such as other parts of Horizon 2020, other frameworks, programmes and budget lines in the Union budget) and from particular regions and Member States that wish to contribute with their own resources (including through Structural Funds) and/or specific entities (such as Joint Technology Initiatives).

## **Financial institutions involved in implementation**

The EIB is the entrusted entity for the InnovFin facility.

## **Operational Performance**

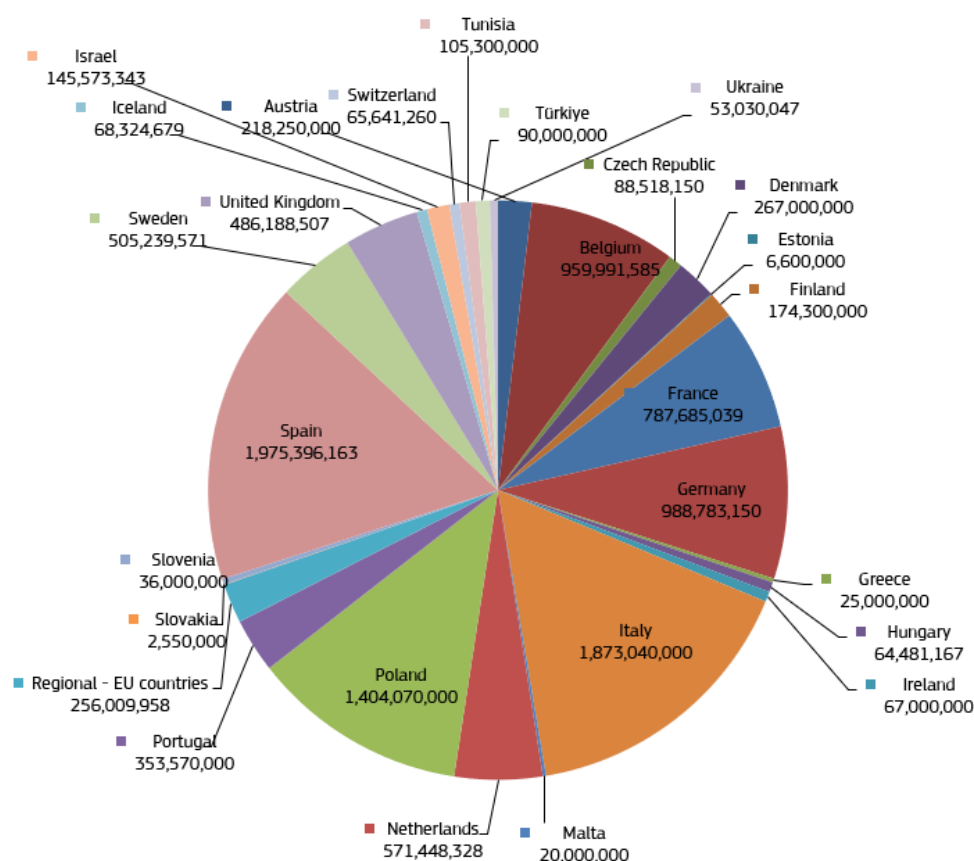
### **Contribution to the achievement of the objectives of the programme**

As of 31/12/2022, 149 InnovFin operations in Member States and 20 in Associated Countries to Horizon 2020 or the UK have been signed for a total financing amount of EUR 11 658 million which has triggered investment by final recipients amounting to EUR 29 877 million. For 2014-2020, the EU contribution of EUR 1 981 million was targeted to mobilise an amount of financing of EUR 17 830 million for the target final recipients.

Due to the COVID-19 crisis, EUR 400.1 million of repayments from the FP7 Risk Sharing Finance Facility have been recommitted to the Infectious Diseases Finance facility in 2020. In total the Infectious Diseases Finance facility has financed 28 operations for EUR 647 million.

### **Geographical diversification**

As of 31/12/2022, the InnovFin facility has been implemented in 20 Member States and 7 Associated Countries to Horizon 2020 or the UK. The chart below shows how the financing provided to the final recipients (EUR 11 658 million) is distributed by country.



## Main issues for the implementation

No issues affecting the implementation of the financial instrument have been identified.

## Performance, financing and investments

Key figures	Actual	Target
EU Contribution committed	1,961,100,000	1,961,100,000
Leverage effect	5.95	9.09
Multiplier effect	15.24	18.18
Operations	167	175
Financing provided to final recipients	11,658,990,947	17,829,900,000
Number of final recipients	167	175
Investments made by final recipients due to the received financing	29,877,510,529	35,659,800,000

## Financial Information

Financial Information (EUR)	Horizon 2020 Loan Services for R&I Facility		
Type of instrument (loan, guarantee, equity, blending, other)	Loan		
Year of inception	2014		
Implementing Partner	EIB		
	Notes	2022	All years
<b>EU Contribution</b>	<b>(1)</b>		



Budgetary commitments		0.00	1,961,100,000.00
<i>of which from third countries</i>		0.00	9,405,382.00
<i>of which from reflows</i>		0.00	1,132,969,862.65
Budgetary payments		261,497,773.00	1,961,099,916.98
<b>Reflows</b>	<b>(2)</b>		
Revenues		0.00	26,905,978.00
Repayments		9,528,709.86	9,528,709.86
Total reflows entered into the budget, of which:		9,528,709.86	36,434,687.86
<i>to the general budget</i>		0.00	0.00
<i>returned to be used</i>		9,528,709.86	36,434,687.86
<b>Losses from operations</b>			
<b>Guarantees</b>			
Guarantees called		39,815,459.00	235,778,316.00
Guarantee calls recovered		0.00	50,110,460.00
<b>Equities</b>			
Realised losses		0.00	0.00
<b>Loans</b>			
Write offs		0.00	0.00
<b>Management fees and other charges</b>			
Administrative fees		3,537,010.00	48,174,880.00
Incentive fees		1,731,608.00	46,078,505.00
Treasury management fees		571,608.00	3,892,202.00
Other charges		5,810.00	41,874.00
<b>Revenues</b>			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		29,471,085.00	234,876,615.00
Net treasury result (including interest) (gains (+) / losses (-))		-128,777,527.00	-104,644,351.00
Net FX gains (+) / losses (-)		0.00	0.00
Other revenues		0.00	12,071.00
	<b>Notes</b>	<b>2022</b>	<b>2021</b>
<b>Risk exposure</b>			
Maximum financial risk exposure		1,866,536,547.00	1,718,858,565.00
Value of equity investments		0.00	0.00
<i>Investment at cost</i>		0.00	0.00
Value of loans		0.00	0.00
<i>Loans at cost</i>		0.00	0.00
Financial liabilities and provisions		83,895,996.33	68,231,979.00
<b>Assets under treasury management</b>			
Balance in the fiduciary bank account (including short term deposits <3months)		2,149.00	2,149.00
<i>in euro</i>		2,149.00	2,149.00
<i>in non-euro currencies</i>		0.00	0.00
Other financial assets (including short term deposits >3months)		1,794,124,584.00	1,607,421,065.00

## **Notes to the financial information**

- (1) The InnovFin debt Facility for Research and Innovation has a rather fast budgetary implementation ratio, i.e., 100% budgetary execution rate of payments in comparison to commitments as of 31 December 2022.
- (2) In line with Article 35(1) of the InvestEU Regulation, 2022 reflows in the amount of EUR 4,925,640.68 and 2021 reflows in the amount of EUR 11,188,767.48 were assigned to InvestEU. 2022 reflows in the amount of EUR 4,603,069.18 were assigned to the Public Sector Loan Facility.

### **Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years**

N/A

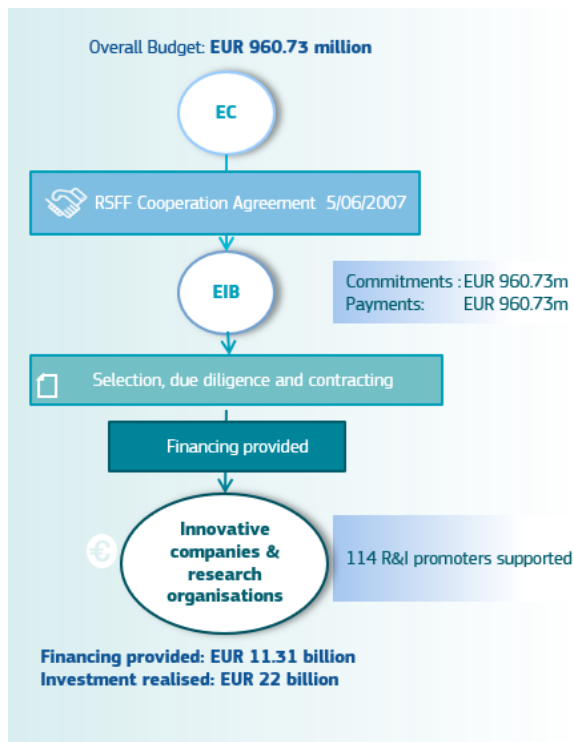
## 2.2 Risk-Sharing Finance Facility (RSFF) & Pilot guarantee facility for R&I-driven SMEs and Small Midcaps (RSI) under the FP7

### Description

Identification / Reference to the basic act			
Decision No 1982/2006/EC of the European Parliament and of the Council of 18 December 2006 concerning the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007-2013) (OJ L 412, 30.12.2006, p. 1).			
Council Decision 2006/971/EC of 19 December 2006 concerning the specific programme ‘Cooperation’ implementing the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007 to 2013) (OJ L 400, 30.12.2006, p. 86).			
Council Decision 2006/974/EC of 19 December 2006 on the Specific Programme: ‘Capacities’ implementing the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007 to 2013) (OJ L 400, 30.12.2006, p. 299).			
Budget lines			
N/A: Former MFF 2007-2013			
(EUR)	2022	2023	2024
<b>Budgetary commitment appropriations</b>	0.00	0.00	0.00
<b>Budgetary payment appropriations</b>	0.00	0.00	0.00

Initial financial envelope:	EUR 1,230,730,000
Current financial envelope:	EUR 1,230,730,000
Overall financial envelope:	EUR 1,230,730,000

### General description



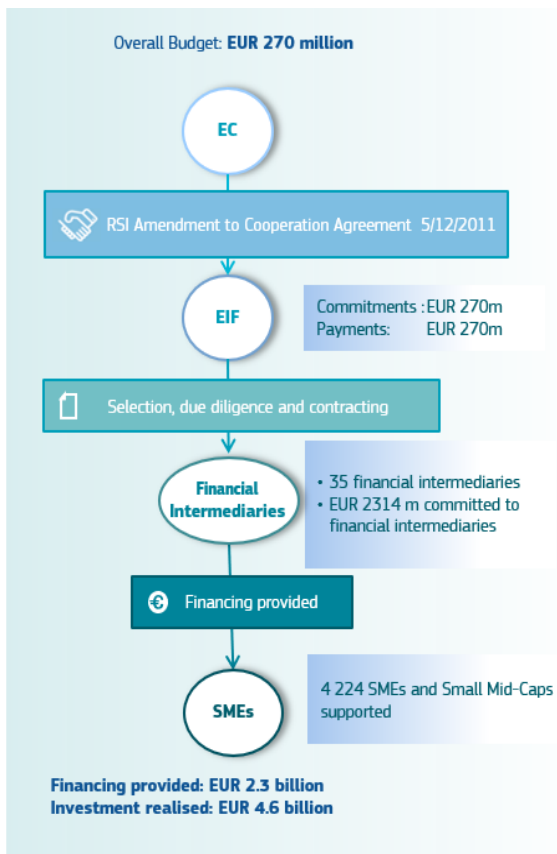
The RSFF, co-developed by the European Commission and the EIB, was established in June 2007. The RSFF facilitates access to finance by providing loans and guarantees to a wide range of beneficiaries — including SMEs, mid-sized enterprises, larger companies, research institutions, universities and research infrastructures — investing in RDI.

In early 2012, within this programme a new pilot guarantee facility, RSI (Risk-Sharing Instrument for SMEs and small midcaps, with maximum 499 employees) was launched to improve access to finance for RDI investments.

The RSI guarantee facility is part of the RSFF implementation and is carried out by the European Investment Fund (EIF).

### Duration

The facilities are planned to last until 30 September 2023 (until the last operations will be wound down)



## Added value, final recipients and projects

The EU and the EIB are risk-sharing partners for loans provided by the EIB directly or indirectly to beneficiaries. The European Union, through FP7 budget resources, and the EIB have set aside a total amount of up to EUR 2 billion (up to EUR 1 billion each) for the period 2007-2013 to cover losses if RSFF loans are not repaid. Through those EU/EIB contributions for risk-sharing and loss coverage, the EIB is able to extend a loan volume of EUR 10 billion to companies and the research community for their investments in R&D and Innovation. The overall budget of the facility has been committed and paid at 100% by end 2013.

The RSI is a dedicated guarantee facility for loan and lease finance addressing the finance gap for innovative SMEs and Small Midcaps (with up to 499 employees). Through risk-sharing via guarantees provided by the EIF to financial intermediaries, it made a significant contribution to support innovative smaller companies by improving their access to finance. No new commitment was made since 31/12/2013. The overall budget of the facility has been committed and paid at 100% by end 2013.

## Financial institutions involved in implementation

The EIB is the entrusted entity for the RSFF facility. The EIF is the entrusted entity for the RSI Facility

## Operational Performance

### Contribution to the achievement of the objectives of the programme

Loan agreements have been signed with 114 R&I promoters, with a total loan volume (active loans) of EUR 11,31 billion and the instrument had been implemented in 25 countries

Demand for RSFF loan finance has been high since the launch of the facility in mid-2007: in its first phase (2007-2010), its take-up exceeded initial expectations by more than 50 % in terms of active loan approvals (EUR 11,3 billion versus an initial forecast of EUR 6 billion).

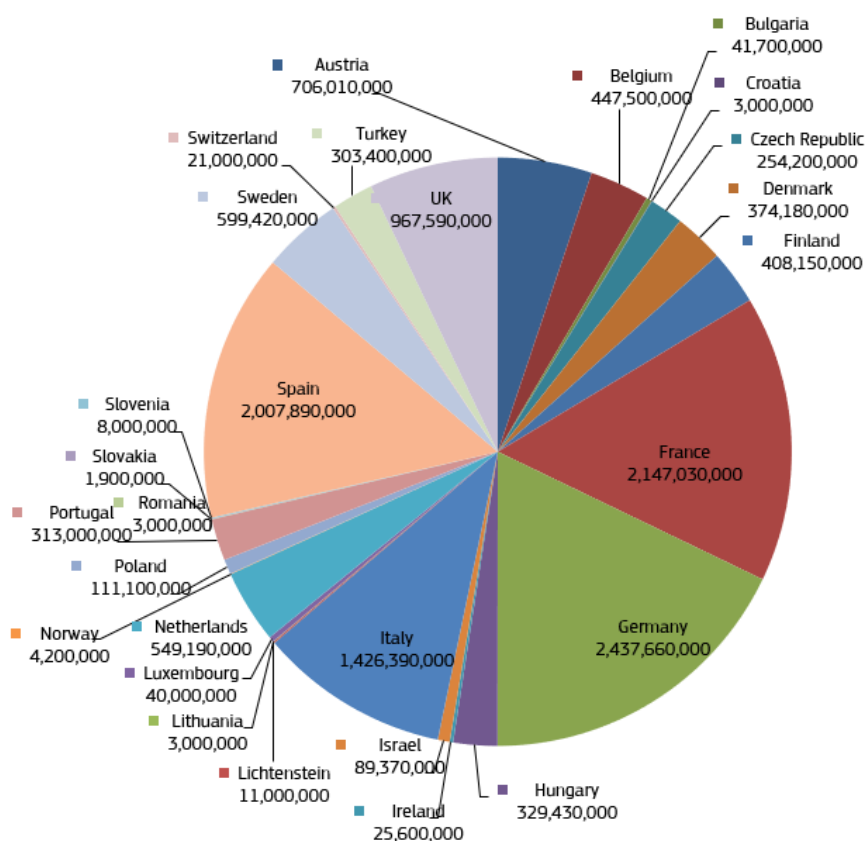
The first interim evaluation concluded that the RSFF was successfully introduced into the EU's research funding scheme within FP7, was a model example of an EU financial instrument, and should be further developed and strengthened. Recommendations included the need to better target SMEs and research infrastructures. The second interim evaluation concluded that the RSFF had proved to be attractive to RDI companies and had met or exceeded its loan volume targets and enabled EIB to increase the bank's capacity to make riskier loans. The ex-post evaluation of RSFF concluded that the Facility addressed deep-seated market failures related to innovation financing in Europe and the reluctance of commercial banks to support projects perceived as being high risk. The evaluation suggested that RSFF provided the type of financing not available from other sources at the time, thereby demonstrating a high degree of financial additionality.

The introduction of the RSI Pilot in 2012, with its focus on SME innovation financing and use of financial intermediaries as a delivery mechanism, was innovative initiative to address market failures and boost investment in RDI. The ex-post evaluation of RSI concluded that the scheme directly addressed deep-seated market failures with regard to innovation financing in Europe and the reluctance of commercial banks to

support project perceived as being high risk. It suggests that the RSI provided the type of debt financing not available from other sources at the time, thereby demonstrating a high degree of financial additionality.

## Geographical diversification

For RSFF, loan agreements have been implemented in 25 countries (The geographic breakdown below is based on the latest information available - source: RSFF ex-post operational report 2013) since no new agreements have been signed since 2014. It shows the distribution of the EUR 11,3 billion provided to final recipients. The RSI facility covers 17 countries in the EU and Associated Countries. The chart shows how the EUR 2,3 billion is distributed (by country).



## Main issues for the implementation

RSFF facility ended (no new operations since 2014): no issue to report.

The RSI facility has come to an end and has paved the way to the financial instrument SMEs & Small Midcaps R&I Loans Service under Horizon 2020 which is implemented on a larger scale in term of budget, geographical coverage and specific target groups.

## Performance, financing and investments

The RSFF has reached and easily exceeded almost all its operational and intermediate objectives. Three evaluations clearly demonstrate that RSFF is well on its way to realising longer-term objectives and wider achievements.

The Risk-Sharing Instrument has provided over EUR 2,32 billion in guarantees and counter-guarantees to 35 banks and guarantee societies: this has enabled them to support up to 4.133 innovative SMEs and small midcaps (estimated corresponding investment amount: EUR 4 642 million).

Key figures (EUR)	Actual	Target
EU Contribution committed	1,230,730,000	1,230,730,000
Leverage effect	11.08	7.56
Multiplier effect	21.65	14.63
Operations	149	60
Financing provided to final recipients	13,634,200,000	9,301,000,000
Number of final recipients	4,247	3,060
Investments made by final recipients due to the received financing	26,642,400,000	18,000,000,000

## Financial Information

Financial Information (EUR)	Risk-Sharing Finance Facility (RSFF) & Pilot guarantee facility for R&I-driven SMEs and Small Midcaps (RSI) under the FP7		
Type of instrument (loan, guarantee, equity, blending, other)	Loan and Guarantee		
Year of inception	2007		
Implementing Partner	EIB and EIF		
	Notes	2022	All years
<b>EU Contribution</b>	<b>(1)</b>		
Budgetary commitments		0.00	1,230,730,000.00
<i>of which from third countries</i>		0.00	0.00
<i>of which from reflows</i>		0.00	0.00
Budgetary payments		0.00	1,230,730,000.00
<b>Reflows</b>	<b>(2)</b>		
Revenues		0.00	297,832,607.00
Repayments		0.00	1,038,691,330.00
Total reflows entered into the budget, of which:		0.00	1,336,523,937.00
<i>to the general budget</i>		0.00	0.00
<i>returned to be used</i>		0.00	1,336,523,937.00
<b>Losses from operations</b>			
<b>Guarantees</b>			
Guarantees called		9,121,556.00	85,883,400.00
Guarantee calls recovered		687,491.00	7,563,617.00
<b>Equities</b>			
Realised losses		0.00	0.00
<b>Loans</b>			
Write offs		0.00	0.00
<b>Management fees and other charges</b>			
Administrative fees		204,671.25	35,726,936.25
Incentive fees		0.00	22,831,000.00

Treasury management fees		86,157.80	6,484,129.80
Other charges		6,170.00	51,931,936.00
<b>Revenues</b>			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		0.00	346,686,063.15
Net treasury result (including interest) (gains (+) / losses (-))		-415,388.00	97,404,564.74
Net FX gains (+) / losses (-)		57,949.95	-208,748.90
Other revenues		0.00	15,852.43
	<b>Notes</b>	<b>2022</b>	<b>2021</b>
<b>Risk exposure</b>			
Maximum financial risk exposure		90,925,000.00	91,536,000.00
Value of equity investments		0.00	0.00
	<i>Investment at cost</i>	0.00	0.00
Value of loans		0.00	0.00
	<i>Loans at cost</i>	0.00	0.00
Financial liabilities and provisions		363,054.00	1,366,419.00
<b>Assets under treasury management</b>			
Balance in the fiduciary bank account (including short term deposits <3months)		13,698,715.54	10,555,353.72
	<i>in euro</i>	9,576,712.31	6,089,350.49
	<i>in non-euro currencies</i>	4,122,000.00	4,466,000.00
Other financial assets (including short term deposits >3months)		78,116,451.58	82,951,827.95

### Notes to the financial information

- (1) The RSFF and RSI facilities have been fully executed in payment credits.
- (2) In line with Article 209(3) of the Financial Regulation, reflows were assigned to the Horizon 2020 financial instruments for research and Innovation branded as InnovFin.

### Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

N/A

## C. Social & Education

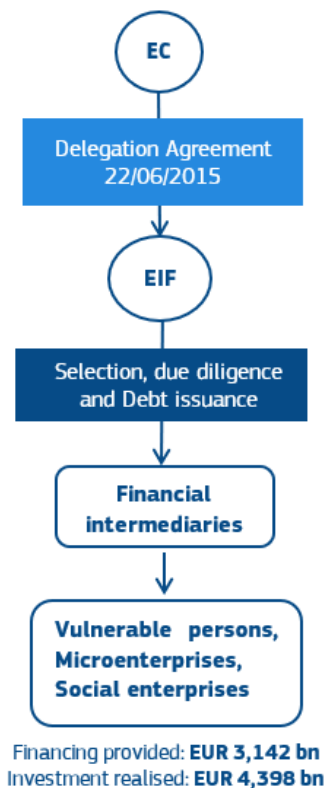
### 3.1.a Employment and Social Innovation Microfinance and Social Entrepreneurship Guarantee (EaSI-G)

#### Description

Identification / Reference to the basic act			
Regulation (EU) No 1296/2013 of the European Parliament and of the Council of 11 December 2013 on a European Union Programme for Employment and Social Innovation ("EaSI") and amending Decision No 283/2010/EU establishing a European Progress Microfinance Facility for employment and social inclusion			
Budget lines			
02.029902 under the current nomenclature			
(EUR)	2022	2023	202
<b>Budgetary commitment appropriations</b>	0.00	0.00	0.00
<b>Budgetary payment appropriations</b>	6,955,169	6,676,456	0.00

Initial financial envelope:	EUR 96,000,000
Current financial envelope:	EUR 131,000,000
Overall financial envelope <sup>29</sup> :	EUR 131,000,000

#### General description



The EaSI Microfinance and Social Entrepreneurship Guarantee was established through Regulation (EU) No 1296/2013 of the European Parliament and of the Council of 11 December 2013 establishing a European Union Programme for Employment and Social Innovation ("EaSI") and amending Decision No 283/2010/EU establishing a European Progress Microfinance facility for Employment and Social Inclusion (OJ L 347/238, 20/12/2013).

The EaSI Microfinance and Social Entrepreneurship Guarantee (EaSI-G) aims:

- to increase access to, and availability of, microfinance for vulnerable groups who want to set up or develop their business as well as for existing micro-enterprises,
- to build up the institutional capacity of microcredit providers,
- to support the development of social enterprises, in particular by facilitating access to finance.

The EaSI Microfinance and Social Entrepreneurship Guarantee (EaSI - G) is implemented via direct guarantees and counter-guarantees. It provides risk coverage in the form of capped guarantees to selected financial intermediaries who undertake to develop a portfolio of loans targeting eligible final recipients (vulnerable persons, micro- and social enterprises).

<sup>29</sup> Including EUR 1,000,000 committed for the Business Development Services Support pilot and excluding EUR 300,000,000 from EFSI



The EIF is instructed to provide guarantees backed by the EU budget to financial intermediaries in order to cover a portion of expected losses of a portfolio of newly generated loans to vulnerable persons, micro- and social enterprises with a higher risk profile.

As an entrusted entity, the EIF is responsible for identifying, investigating, evaluating and selecting the financial intermediaries by applying selection criteria and processes set out in the Delegation Agreement.

The Delegation Agreement between the Commission and the EIF was signed in 2015 with technical amendments in 2016 and further amendments in 2017 and 2018 allowing for an additional top-up of EUR 300 000 000 from EFSI. It was further amended in 2020 to introduce Covid-19 support measures allowing for higher risk sharing. The initial overall budget of EUR 96 000 000 was increased by EUR 34 000 000 using reflows from the European Progress Microfinance Fund and the European Progress Microfinance Guarantee Facility, leading to an overall financial envelope, excluding EFSI top up, of EUR 131 000 000 (total amount available for the facility EFSI included is EUR 431 000 000).

From the above overall financial envelope of EUR 131 000 000, EUR 1 000 000 is earmarked for the implementation of the Business Development Services (BDS) Support pilot which is an additional component embedded in the EaSI Guarantee instrument. The purpose of BDS Support is to partially offset the costs incurred by Financial Intermediaries benefitting from an EaSI Microfinance Guarantee in view of offering Business Development Services to final recipients who qualify as Refugees and/or Migrants.

## **Duration**

The Microfinance and Social Entrepreneurship Guarantee has been running since June 2015. The implementation period (signatures of new operations with financial intermediaries) runs until 30/06/2024.

## **Added value, final recipients and projects**

The instrument provides support not directly to final recipients, but rather to relevant financial intermediaries, i.e., microfinance providers and social enterprise finance providers. The EaSI-G guarantees are widely accessible to financial intermediaries (microcredit providers, both banks and non-banks, and social enterprise finance providers) to improve outreach to the hard-to-reach target groups, namely micro-enterprises (including vulnerable persons) and social enterprises.

The "Microfinance Guarantee financial instrument" targets:

- Vulnerable people, i.e., persons who are in a disadvantaged position with regard to access to the conventional credit market and who want to start or further develop their own micro-enterprise, including self-employment; (special focus to young people as a vulnerable group).
- Micro-enterprises, meaning enterprises, including a self-employed person, that employ fewer than 10 people and whose annual turnover or annual balance sheet does not exceed EUR 2 000 000, in accordance with Commission Recommendation 2003/361/EC.

The "Social Entrepreneurship Guarantee financial instrument" targets:

- Social enterprises, regardless of their legal form.

The guarantee instrument provides capped guarantees up to 30% of portfolios, which include micro-credit loans granted by financial intermediaries to micro-enterprises, including self-employed persons and loans to social enterprises. The guarantees cover up to 80% of the individual micro-credit and loans to social enterprises included in the respective portfolios.

## **Financial institutions involved in implementation**

The European Investment Fund (EIF) is the entrusted entity for the implementation of the EaSI Microfinance and Social Entrepreneurship Guarantee. Information on financial intermediaries is available in the following link [http://www.eif.org/what\\_we\\_do/microfinance/easi/easi-signatures.pdf](http://www.eif.org/what_we_do/microfinance/easi/easi-signatures.pdf).

## Operational Performance

### Contribution to the objectives of the programme

As of 31/12/2022, 169 Guarantee Agreements (124 for Microfinance with 120 of them currently active, 45 for Social Entrepreneurship) with 114 financial intermediaries have been signed in 31 countries (25 Member States and 6 Participating Countries) for a total guarantee cap amount of EUR 416 944 115 out of which EUR 313 475 846 from EaSI/EFSI resources.

Until end 2022 (latest available operational data as at 30/09/2022), the main results of the instrument are the following:

- Amount of financing already provided by the instrument to eligible final recipients: EUR 3 142 000 000 (EUR 2 164 000 000 for microfinance and EUR 978 000 000 for social entrepreneurship).
- Number of final recipients: 158 618 (152 534 for microfinance and 6 084 for social entrepreneurship)<sup>30</sup>.
- Number of loans to micro and social enterprises: 185 385 (177 656 for microfinance and 7 729 for social entrepreneurship).
- Total amount of investment realised: EUR 4 399 000 000 (EUR 3 030 000 000 for microfinance and EUR 1 369 000 000 for social entrepreneurship)<sup>31</sup> Regarding the amount of private capital mobilised, it is the same as the total amount of investment realised (EUR 4 399 000 000) since it represents the sum of the amount that the financial intermediaries provide as loans to the final recipients plus the final recipients' private funding resources.
- Total number of employees (in the supported micro and social enterprises): 458 910 (293 246 for microfinance and 165 664 for social entrepreneurship)<sup>32</sup>.
- For the EaSI-G microfinance window,<sup>33</sup> the gender breakdown shows that considerable outreach to women is already achieved (30,5% of the micro-borrowers guaranteed were women). In addition, 8,5% of individual micro-borrowers who received support under the instrument so far were either unemployed or inactive at the time they received their loan. Individuals who were final recipients of micro-loans were, by and large, educated at secondary school level (38,8%). Regarding the age group, with respect to final recipients who are natural persons, the outreach to individuals in disadvantaged age groups (younger and older people combined) is 12,5%.
- For the EaSI-G social entrepreneurship window,<sup>34</sup> reporting data collected shows that 19,9% of the social enterprises benefitting from EaSI-G have as a main activity the integration of migrants, asylum seekers and refugees. The vast majority (87,7%) of the social enterprises supported have an annual turnover of less than EUR 2 000 000.

<sup>30</sup> Total number of final recipients for both windows – excluding duplicates – equals 158 519. Some final recipients have benefitted from both windows as the sum of microfinance and social entrepreneurship number of final recipients suggest (158 618 compared to 158 519).

<sup>31</sup> The respective figures were calculated by applying an external multiplier factor of 1,4 which reflects the multiplier used under EFSI.

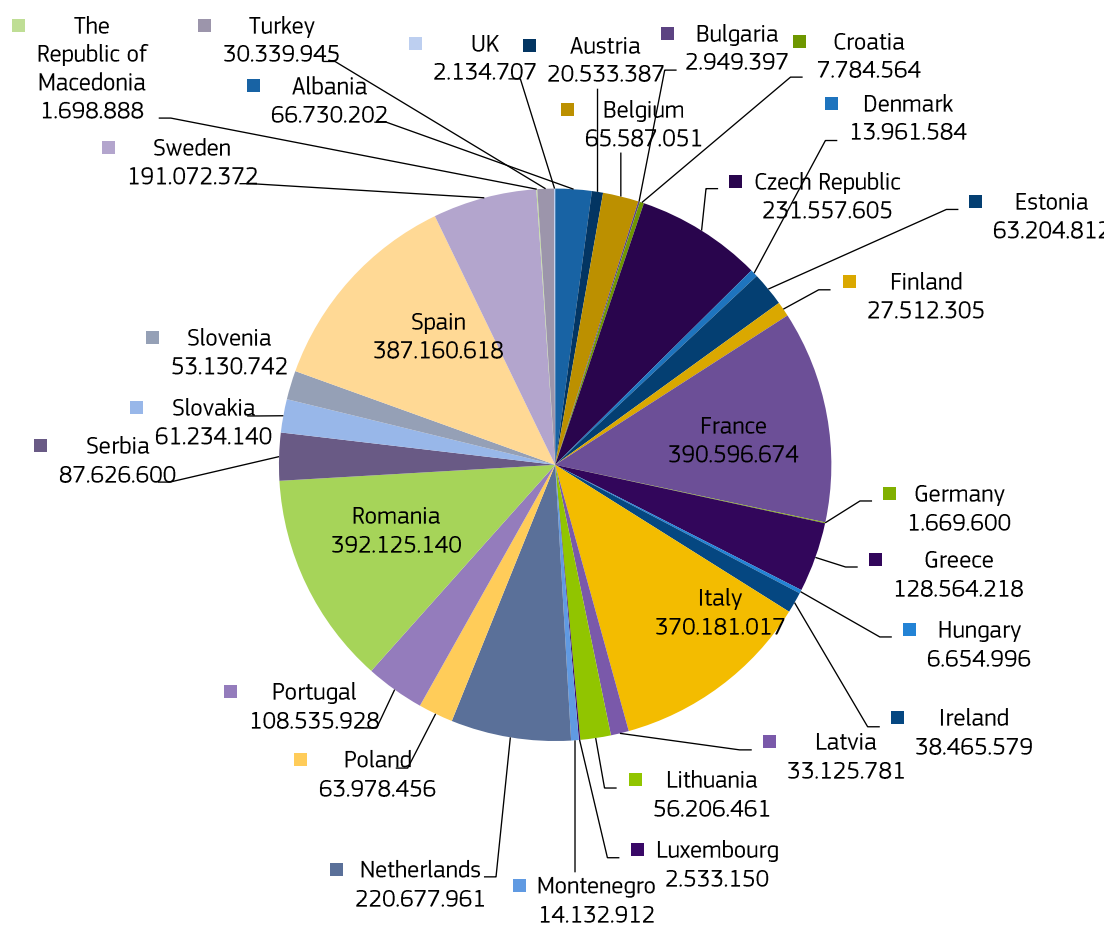
<sup>32</sup> Total number of employees for both windows – excluding duplicates.

<sup>33</sup> EaSI – Annual Impact Report 2022. The data used in this paragraph is based on a survey of a sample of micro-borrowers.

<sup>34</sup> EaSI – Annual Impact Report 2022. The data used in this paragraph is based on a survey of a sample of social enterprises.

## Geographical diversification

As at 30/9/2022, the EaSI - G has supported the provision of financing in 31 countries (25 Member States and 6 Participating Countries) with the relevant breakdown presented here (distribution by country of EUR 3 141 666 792 of financing provided).



## Main issues for the implementation

At present, EaSI-G has been successfully deployed, showing continuous strong market demand. The EU budgetary commitments under the EaSI programme, along with the additional top up from EFSI of EUR 100 000 000 and EUR 200 000 000 in 2017 and 2018 respectively, have been fully utilised and have enabled the EIF to sign operations and keep pace with market demand. In the area of social entrepreneurship, despite the initial slower take up due in part to the novelty of the instrument, the initially allocated EU budget of EUR 40 000 000 has been fully deployed.

## Performance, financing and investments

As at 31/12/2022, based on the 169 signed Guarantee agreements for a total guarantee cap of EUR 416 944 115 out of which EUR 313 475 846 from EaSI/EFSI, the *expected* volumes of loans to final recipients are estimated to reach EUR 4 274 000 000, surpassing the overall minimum target loan volume (EUR 2 365 000 000).

As for the actual leverage, the total guarantee cap of EUR 416 944 115 has so far supported EUR 3 141 666 792 (data as at 30/09/2022) of new micro-loans and loans to social enterprises, suggesting an achieved leverage of 7,5.

The performance of the financial instrument is expected to out-perform the minimum target leverage factor and the minimum target loan volume. Performance results have been achieved also thanks to the top-up contribution from EFSI.

Key figures (EUR)	Actual	Target
EU Contribution committed	416,944,115	430,000,000
Leverage effect	7.5	5.5
Multiplier effect	10.5	7.7
Envisaged operations	169	226
Financing provided to final beneficiaries	3,141,666,792	2,365,000,000
Number of final recipients	158,618	150,780
Investments made by final recipients due to the received financing	4,398,333,509	3,311,000,000

## Financial Information

Financial Information (EUR)	Employment and Social Innovation Microfinance and Social Entrepreneurship Guarantees (EaSI-G)		
	Notes	2022	All years
Type of instrument (loan, guarantee, equity, blending, other)		Guarantee	
Year of inception		2015	
Implementing Partner		EIF	
<b>EU Contribution</b>			
Budgetary commitments		0.00	131,000,000.00
<i>of which from third countries</i>		0.00	94,682.00
<i>of which from reflows</i>		0.00	40,883,451.13
Budgetary payments		6,955,169.00	130,160,925.00
<b>Reflows</b>	<b>(1)</b>		
Revenues		0.00	364,922.36
Repayments		0.00	0.00
Total reflows entered into the budget, of which:		0.00	364,922.36
<i>to the general budget</i>		0.00	364,922.36
<i>returned to be used</i>		0.00	0.00
<b>Losses from operations</b>			
<b>Guarantees</b>			
Guarantees called		22,071,938.00	76,319,048.00
Guarantee calls recovered		384,481.00	1,260,321.00
<b>Equities</b>			
Realised losses		0.00	0.00
<b>Loans</b>			
Write offs		0.00	0.00
<b>Management fees and other charges</b>			
Administrative fees		0.00	9,038,651.89
Incentive fees		0.00	3,142,434.00

Treasury management fees		92,546.00	329,092.00
Other charges		241,661.17	287,902.17
<b>Revenues</b>			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		0.00	275,070.00
Net treasury result (including interest) (gains (+) / losses (-))		3,401,090.44	5,071,941.44
Net FX gains (+) / losses (-)		6,666.00	-1,030,259.64
Other revenues		0.00	0.00
	<b>Notes</b>	<b>2022</b>	<b>2021</b>
<b>Risk exposure</b>			
Maximum financial risk exposure		36,756,211.56	63,289,724.03
Value of equity investments			
	<i>Investment at cost</i>		
Value of loans		32,794,084.56	31,055,515.03
	<i>Loans at cost</i>	33,249,535.56	31,000,056.07
Financial liabilities and provisions		36,756,212.00	60,840,124.00
<b>Assets under treasury management</b>			
Balance in the fiduciary bank account (including short term deposits <3months)		100,190,602.00	101,776,927.00
	<i>in euro</i>	15,520,414.00	10,089,609.00
	<i>in non-euro currencies</i>	83,441,270.40	89,520,465.00
Other financial assets (including short term deposits >3months)		1,499,099.84	1,499,100.00

### Notes to the financial information

- (1) The revenues received on the financial instrument accounts in previous calendar years are used to cover the management fees and the amount of revenues that were not offset by fees are recovered and returned to the EU budget.

### Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

N/A

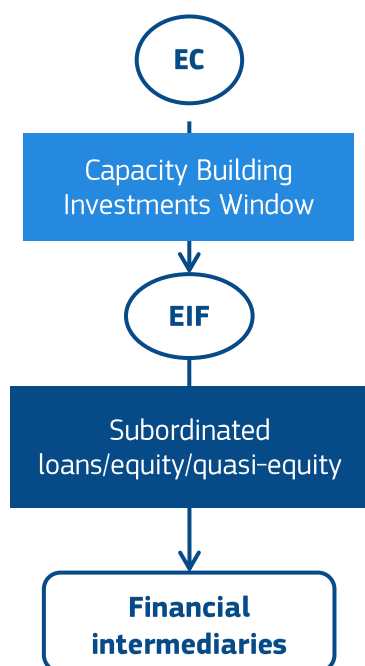
## 3.1.b EaSI Capacity Building Investments (EaSI CBI)

### Description

Identification / Reference to the basic act			
Regulation (EU) No 1296/2013 of the European Parliament and of the Council of 11 December 2013 on a European Union Programme for Employment and Social Innovation ("EaSI") and amending Decision No 283/2010/EU establishing a European Progress Microfinance Facility for employment and social inclusion			
Budget lines			
02.029902			
(EUR)	2022	2023	2024
<b>Budgetary commitment appropriations</b>	0.00	0.00	0.00
<b>Budgetary payment appropriations</b>	8,313,260	2,428,781	2,992,382

<b>Initial financial envelope:</b>	EUR 16,000,000
<b>Current financial envelope:</b>	EUR 45,000,000
<b>Overall financial envelope:</b>	EUR 45,000,000

### General description



Financing provided: **EUR 40 966 244**  
 Investment realised: **EUR 75 282 559**

The EaSI Capacity Building Investment Window ("EaSI Capacity Building") is one of the financial instruments under the Employment and Social Innovation ('EaSI') programme. The general objectives of the programme are described in Article 4 of Regulation (EU) No 1296/2013:

- To promote employment and social inclusion by increasing the availability and accessibility of microfinance for vulnerable people who wish to start up a micro-enterprise as well as for existing micro-enterprises, and by increasing access to finance for social enterprises.

According to Article 26 of Regulation (EU) No 1296/2013, "In addition to the general objectives set out in Article 4, the specific objectives of the Microfinance and Social Entrepreneurship axis shall be to: (b) build up the institutional capacity of microcredit providers".

The Commission has mandated the EIF to implement EaSI Capacity Building Investments Window through direct and indirect equity investments in financial intermediaries and subordinated loans or quasi-equity i.e., loans with an "equity-like" risk profile in term of subordination or maturity profile to financial intermediaries.

The initial budget of this instrument was EUR 16 000 000. Due to the strong demand from the market, the overall financial enveloped has increased to EUR 45 000 000.

## Duration

The EaSI Capacity Building Investments Window was introduced in the EaSI Delegation Agreement between the Commission and the EIF on 19/12/2016. The implementation period (signatures of new operations with financial intermediaries) runs until 30/06/2024.

## Added value, final recipients and projects

The EaSI Capacity Building instrument aims at building up the institutional capacity of financial intermediaries that have not yet reached sustainability (i.e., break-even, operational capacity, etc.), including greenfield financial intermediaries, or financial intermediaries that need risk capital, inter alia, to expand further their operations, both in the microfinance and in the social entrepreneurship space.

## Financial institutions involved in implementation

The EaSI Capacity Building instrument is implemented by the European Investment Fund (EIF) on behalf of the European Commission.

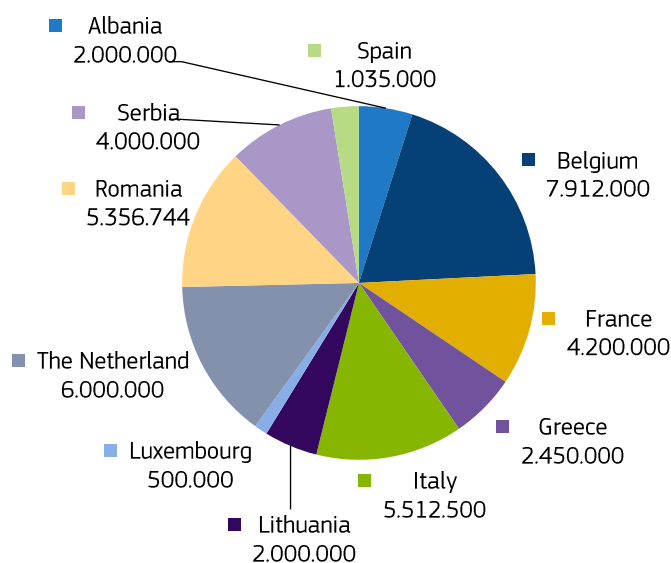
## Operational Performance

### Contribution to the objectives of the programme

By 31/12/2022, there were 14 signed operations of EU equity or subordinated loans participations, worth of EUR 41 054 244 with 19 financial intermediaries, covering 11 participating countries. The above-mentioned signed transactions involve investments in a) in organisational development and expansion, including branch expansion, scaling up/building up of IT infrastructure and human resources such as recruitment and training of staff and b) in strengthening the operational and institutional capabilities contributing to the sustainability of a Financial Intermediary (including Greenfield Financial Intermediary) and the increase of their indebtedness capacity.

### Geographical diversification

By the end of 2022, there were 19 signed operations, providing financing to financial intermediaries in 11 countries:



## Main issues for the implementation

No issues identified until now.

## Performance, financing and investments

The minimum target leverage agreed with the EIF in the Delegation agreement is 2 over the lifetime of the instrument, calculated as the aggregate amount of financing made available to Financial Intermediaries and Sub-Intermediaries for the purpose of capacity building divided by the aggregate amount of Capacity Building Investments. Based on the target multiplier of the instrument, it was estimated that the total EU budget envelope (net of fees) of EUR 41 700 000 will generate around EUR 158 460 000 of financing provided to Financial Intermediaries and Sub-Intermediaries for the purpose of capacity building. The current EU participations committed amount of EUR 41 054 244 million has so far provided EUR 40 966 244 of financing to benefitting financial institutions (the final recipients of the Facility), suggesting an achieved leverage of one.

Key figures (EUR)	Actual	Target
EU Contribution committed	41,054,244	41,700,000
Leverage effect	1	2
Multiplier effect	1.8	3.8
Envisaged operations	0	0
Financing provided to final beneficiaries	40,966,244	83,400,000
Number of final recipients	19	10-12
Investments made by final recipients due to the received financing	75,282,559	158,460,000

## Financial Information

Financial Information (EUR)	EaSI Capacity Building Investments (EaSI CBI)		
	Notes	2022	All years
Type of instrument (loan, guarantee, equity, blending, other)		Equity	
Year of inception		2015	
Implementing Partner		EIF	
<b>EU Contribution</b>			
Budgetary commitments		0.00	45,000,000.00
<i>of which from third countries</i>		0.00	0.00
<i>of which from reflows</i>		0.00	0.00
Budgetary payments		8,313,260.00	33,741,456.00
<b>Reflows</b>	<b>(1)</b>		
Revenues		0.00	38,693.98
Repayments		0.00	0.00
Total reflows entered into the budget, of which:		0.00	38,693.98
<i>to the general budget</i>		0.00	0.00
<i>returned to be used</i>		0.00	38,693.98
<b>Losses from operations</b>			
<b>Guarantees</b>			
Guarantees called		1,427,305.42	5,246,641.12



Guarantee calls recovered		39,389.46	39,389.46
<b>Equities</b>			
Realised losses		0.00	0.00
<b>Loans</b>			
Write offs		0.00	0.00
<b>Management fees and other charges</b>			
Administrative fees		821,084.89	2,026,580.00
Incentive fees			
Treasury management fees		972.76	56,939.76
Other charges		0.00	99,525.00
<b>Revenues</b>			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		1,259,487.37	2,991,793.08
Net treasury result (including interest) (gains (+) / losses (-))		0.00	0.00
Net FX gains (+) / losses (-)		0.00	0.00
Other revenues		0.00	0.00
	<b>Notes</b>	<b>2022</b>	<b>2021</b>
<b>Risk exposure</b>			
Maximum financial risk exposure		37,673,454.00	33,512,862.00
Value of equity investments		4,879,369.00	2,457,347.00
	<i>Investment at cost</i>	5,137,567.00	2,775,968.00
Value of loans		0.00	0.00
	<i>Loans at cost</i>	0.00	0.00
Financial liabilities and provisions			
<b>Assets under treasury management</b>			
Balance in the fiduciary bank account (including short term deposits <3months)		0.00	0.00
	<i>in euro</i>	1,228,918.00	2,166,853.00
	<i>in non-euro currencies</i>	0.00	0.00
Other financial assets (including short term deposits >3months)		0.00	0.00

## Notes to the financial information

**(1)** In line with Article 35(1) of the InvestEU Regulation, 2021 reflows in the amount of EUR 38,693.98 were assigned to InvestEU.

**Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years**

N/A

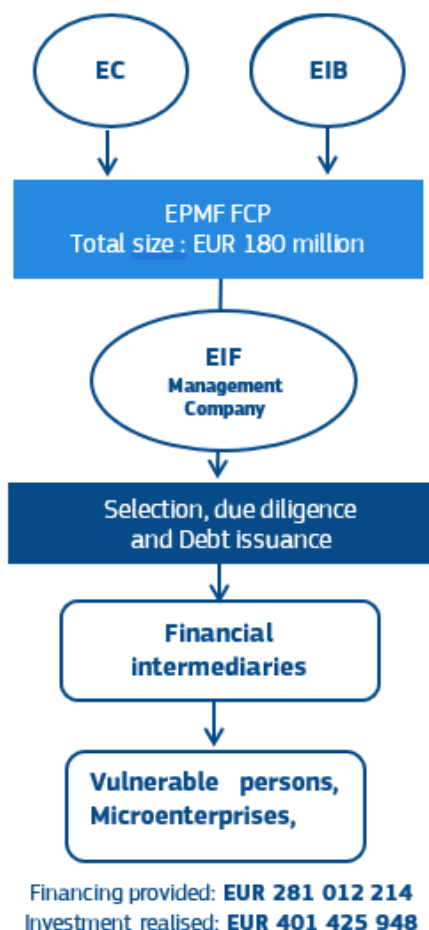
## 3.2.a European Progress Microfinance (EPMF FCP-FIS)

### Description

Identification / Reference to the basic act			
Decision No 283/2010/EU of 25 March 2010			
Budget lines			
02.029902			
(EUR)	2022	2023	2024
<b>Budgetary commitment appropriations</b>	0.00	0.00	0.00
<b>Budgetary payment appropriations</b>	0.00	0.00	0.00

<b>Initial financial envelope:</b>	EUR 78,000,000
<b>Current financial envelope</b>	EUR 80,000,000
<b>Overall financial envelope:</b>	EUR 80,000,000

### General description:



The European Progress Microfinance FCP FIS (EPMF FCP) is a compartment of the EU Microfinance Platform FCP-FIS (the “Fund”). The Fund is structured as a Luxembourg “fonds commun de placement – fonds d’investissement spécialisé” (FCP - FIS) governed by the law of 13 February 2007 relating to specialised investment funds (the “2007 Law”) and was launched on 22 November 2010. It is established as an umbrella fund, with two sub-funds:

- The European Progress Microfinance Fund (‘EPMF FCP’);
- The Employment and Social Innovation Fund (the ‘EaSI Sub-Fund’).

The EPMF FCP was implemented via a Dedicated Investment Vehicle (DIV) and provided mainly debt instruments (senior loans)

It had a size of EUR 180 000 000. Its two founding investors were the European Commission and the European Investment Bank. The EU contribution amounted to EUR 80 000 000 as a first loss piece and the EIB contributed with EUR 100 000 000 as second loss piece.

In its role as Management Company, the EIF evaluated, selected and concluded the relevant loan agreements with selected financial intermediaries.

On their part, the selected financial intermediaries on-lent the received financing by developing loan portfolios aiming at specific target groups (self-employed persons, microenterprises). The provision of loan financing to intermediaries increased access to, and

availability of, microfinance for the most vulnerable within the EU

The specific investment objective of the instrument was to increase access to, and availability of, a range of financial products and services in the area of microfinance for the following target groups:

- persons starting their own enterprise, including self-employment;
- enterprises, especially microenterprises;
- capacity building, professionalization, and quality management of microfinance institutions and of organisations active in the area of microfinance;
- local and regional employment and economic development initiatives.

## **Duration**

The EPMF FCP FIS was established in 2010 with a duration of 10 years. In 2020, the liquidation procedure of the sub fund was launched, and it was notified to the Luxembourgish supervisory authority (CSSF). The liquidation process was finalised on 22 December 2022.

## **Added value, final recipients and projects**

The EPMF FCP constituted one of the EU's core measures to mitigate the consequences of the 2007-2008 financial crisis. By providing debt, equity and funded risk sharing instruments to microfinance institutions (MFIs) located within the EU, it increased the access to, and availability of, microfinance for, inter alia, the most vulnerable. The microenterprise segment was the cornerstone of the EU economy: more than 90% of EU businesses and almost all start-ups are microenterprises. Some 66% of business start-ups were set up by unemployed people. The instrument enabled economic independence for micro-entrepreneurs who might otherwise have had difficulties accessing funds for their business. It provided concrete support for economic growth, employment creation and social inclusion.

## **Financial institutions involved in implementation**

The EPMF FCP-FIS is managed by the EIF as Management Company.

## **Operational Performance**

### **Contribution to the objectives of the programme**

In total 50 agreements were signed in 16 Member States with a clear geographical balance between Eastern and Western Europe.

Over its entire lifecycle (latest available operational data as at 31/03/2020), the main results of the instrument are the following:

- Amount of financing already provided by the instrument to eligible final recipients EUR 281 012 214
- Number of final recipients: 35 940.
- Number of loans to micro enterprises: 39 439.
- Total amount of investment realised: EUR 401 425 948<sup>35</sup>.
- Total number of employees (in the supported micro enterprises): 67 288.

The EPMF FCP-FIS portfolio reached its end in terms of loan inclusions and results at final recipient level in 2019. Therefore, there is no new data to report regarding the social and entrepreneurship impact evaluation report, which remains unchanged compared to the 2019 report.

Based on the 2019 social and entrepreneurship impact evaluation report, the gender breakdown shows that considerable outreach to women was achieved (34,7% of the micro-borrowers were women).

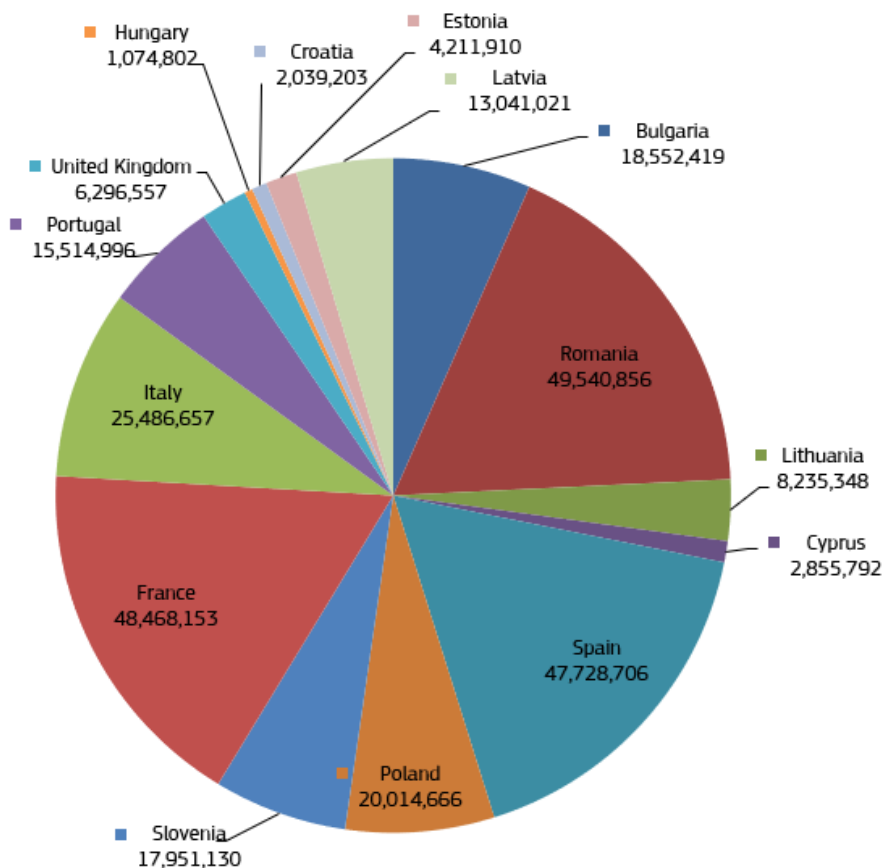
In addition, 34,7% of individual micro-borrowers who received financing were either unemployed or inactive at the time they received their loan. Individuals who were final recipients of micro-loans were, by

<sup>35</sup> The respective figure was calculated by applying a proxy index 7:10 (7 for loan volumes and 10 for investment volumes) which reflects the ratio used under EFSI.

and large, educated at secondary school level (35,2%). Nevertheless, EPMF FCP-FIS also continued to be important in serving the financing needs of individuals with a higher education beyond secondary school level (39,8%). Regarding the age group with respect to final recipients who were natural persons, the outreach to individuals in disadvantaged age groups (younger and older people combined) remained at noteworthy levels (18,9%).

### Geographical diversification

At 31/12/2022, the fund provided financing in fourteen Member States and in the United Kingdom:



### Main issues for the implementation

Despite the positive effects of the microfinance sector in the area of employment and social inclusion, its growth and sustainability prospects, specifically for non-bank Microfinance Institutions, remained limited without access to stable funding and without the necessary capacity building component.

In addition, risk was inherent in the fund’s activities but was managed through a process of on-going risk identification and measurement, monitoring of the benefited MFIs and other controls regarding the observance of specific portfolio limits and restrictions to ensure that the investments were diversified to an extent that an adequate spread of the investment risk was reached.

The Management Company monitored these investments on an on-going basis by analysing regular reports (i.e., quarterly financial covenants compliance, quarterly financial statements and key performance indicators such as portfolio, liquidity, capitalisation and profitability) and through direct contact with each financial intermediary and site visits.

The Management Company had in place monitoring processes to identify potential deterioration of counterpart creditworthiness and to anticipate potential impairments on the portfolio and/or review of the counterpart internal rating.

## Performance, financing and investments

Key figures (EUR)	Actual	Target
EU Contribution committed	80,000,000	80,000,000
Leverage effect	3.51	2.83
Multiplier effect	5.02	4.04
Envisaged operations	50	N/A
Financing provided to final beneficiaries	281,012,214	226,400,000
Number of final recipients	35,940	N/A
Investments made by final recipients due to the received financing	401,425,948	323,428,571

## Financial Information

Financial Information (EUR)	European Progress Microfinance FCP-FIS		
Type of instrument (loan, guarantee, equity, blending, other)	Equity		
Year of inception	2010		
Implementing Partner	EIF		
	Notes	2022	All years
<b>EU Contribution</b>	<b>(1)</b>		
Budgetary commitments		0.00	80,000,000.00
<i>of which from third countries</i>		0.00	0.00
<i>of which from reflows</i>		0.00	0.00
Budgetary payments		0.00	80,000,000.00
<b>Reflows</b>	<b>(2)</b>		
Revenues		0.00	0.00
Repayments		1,548,428.96	71,274,466.27
Total reflows entered into the budget, of which:		1,548,428.96	71,274,466.27
<i>to the general budget</i>		0.00	0.00
<i>returned to be used</i>		1,548,428.96	71,274,466.27
<b>Losses from operations</b>			
<b>Guarantees</b>			
Guarantees called		0.00	0.00
Guarantee calls recovered		0.00	0.00
<b>Equities</b>			
Realised losses		7,043,715.00	7,043,715.00
<b>Loans</b>			
Write offs		0.00	0.00
<b>Management fees and other charges</b>			
Administrative fees		0.00	0.00
Incentive fees		0.00	0.00
Treasury management fees		0.00	0.00
Other charges		0.00	0.00
<b>Revenues</b>			

Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		0.00	0.00
Net treasury result (including interest) (gains (+) / losses (-))		0.24	-0.78
Net FX gains (+) / losses (-)		0.00	0.00
Other revenues		0.00	0.00
	Notes	2022	2021
<b>Risk exposure</b>			
Maximum financial risk exposure		0.00	1,578,489.07
Value of equity investments		0.00	1,578,489.07
<i>Investment at cost</i>		0.00	10,273,961.70
Value of loans		0.00	0.00
<i>Loans at cost</i>		0.00	0.00
Financial liabilities and provisions		0.00	0.00
<b>Assets under treasury management</b>			
Balance in the fiduciary bank account (including short term deposits <3months)		0.00	0.00
<i>in euro</i>		0.00	0.00
<i>in non-euro currencies</i>		0.00	0.00
Other financial assets (including short term deposits >3months)		0.00	0.00

## Notes to the financial information

(1) The total envelope was paid out in 2016.

(2) 2022 reflows in the amount of EUR 1,548,428.96 and 2021 reflows in the amount of EUR 4,531,000.97 were assigned to the Public Sector Loan Facility. In line with Article 35(1) of the InvestEU Regulation, 2021 reflows in the amount of EUR 3,823,545.11 were assigned to InvestEU.

## Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

N/A

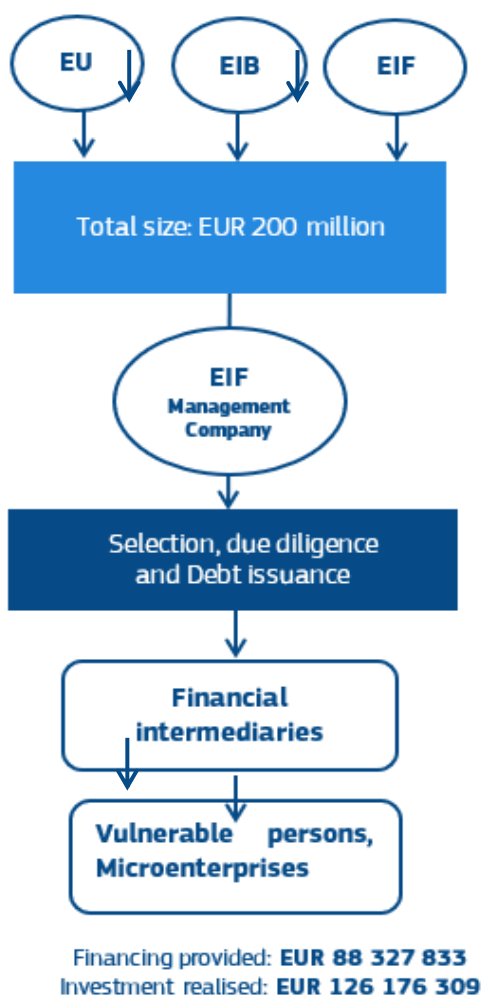
## 3.2.b Employment and Social Innovation Sub-Fund (EaSI FIS)

### Description

Identification / Reference to the basic act			
Regulation (EU) No 1296/2013			
Budget lines			
02.029902			
(EUR)	2022	2023	2024
Budgetary commitment appropriations	0.00	0.00	0.00
Budgetary payment appropriations	0.00	0.00	0.00

Initial financial envelope:	EUR 67,000,000
Current financial envelope:	EUR 67,000,000
Overall financial envelope:	EUR 67,000,000

### General description:



The Employment and Social Innovation Sub-Fund is the second compartment of the EU Microfinance Platform FCP-FIS (the “Fund”), an umbrella fund with two sub-funds:

- The European Progress Microfinance Fund (‘EPMF FCP’); now liquidated<sup>36</sup>;
- The Employment and Social Innovation Fund (the ‘EaSI Sub-Fund’).

The EaSI Sub-Fund has an overall size of EUR 200 000 000 and is a partnership between the European Union, the European Investment Bank and the European Investment Fund. The EU budget resources available to the EaSI Sub-Fund are set at EUR 67 000 000 as a first-loss piece investment. The EU will be the only equity-holder in the sub-fund. The European Investment Bank (EIB) and the European Investment Fund (EIF) will provide funding respectively under a senior loan facility of EUR 110 000 000 and a mezzanine loan facility of EUR 23 000 000.

The EaSI Sub-Fund is intended to support lending to micro-enterprises and social enterprises and is another addition to the toolbox of EU instruments dedicated to microfinance and social finance. It shall provide debt instruments in the form of senior and subordinated loans to financial intermediaries to enhance access to finance for micro-enterprises and social enterprises. On their part, the selected financial intermediaries on-lend the received financing by developing loan portfolios aiming at specific target groups (self-employed persons, microenterprises,

<sup>36</sup> The liquidation process was finalised on 22 December 2022. Please refer to chapter 3.2.a. European Progress Microfinance (EPMF FCP-FIS).

social enterprises).

## **Duration**

The EaSI Sub-Fund was established in 2019 for a limited duration ending on 31 December 2032. Its implementation period (signatures of new operations with financial intermediaries) was intended to run until 2023; however, a one-year extension of the investment period, until October 2024, is planned.

## **Added value, final recipients and projects**

The Sub-Fund operations are meant to address a market failure by providing an incentive to Intermediaries to increase access to, and availability of, microfinance and to support the development of the social investment market and facilitate access to finance for social enterprises.

The EaSI Sub-Fund aims at replicating the success of its predecessor, the EPMF Sub-Fund, but has expanded its policy scope to also cover social enterprises.

Final recipients targeted by the EaSI Sub-Fund are in line with the EaSI policy objectives that aim to enhance access to finance for the following categories:

- a) vulnerable persons who have lost or are at the risk of losing their job, or who have difficulties entering or re-entering the labour market, or who are at risk of social exclusion or are socially excluded and who are in a disadvantaged position with regard to access to the conventional credit market and who wish to start up or develop their own micro-enterprise, or
- b) micro-enterprises in both the start-up and development phase, especially micro-enterprises which employ persons as referred to in point (a), or
- c) social enterprises within the meaning of the EaSI Regulation.

## **Financial institutions involved in implementation**

The EaSI Sub-Fund is managed by the EIF as Management Company.

## **Operational Performance**

### **Contribution to the objectives of the programme**

In total 22 agreements were signed in seven Member States and two Participating Countries.

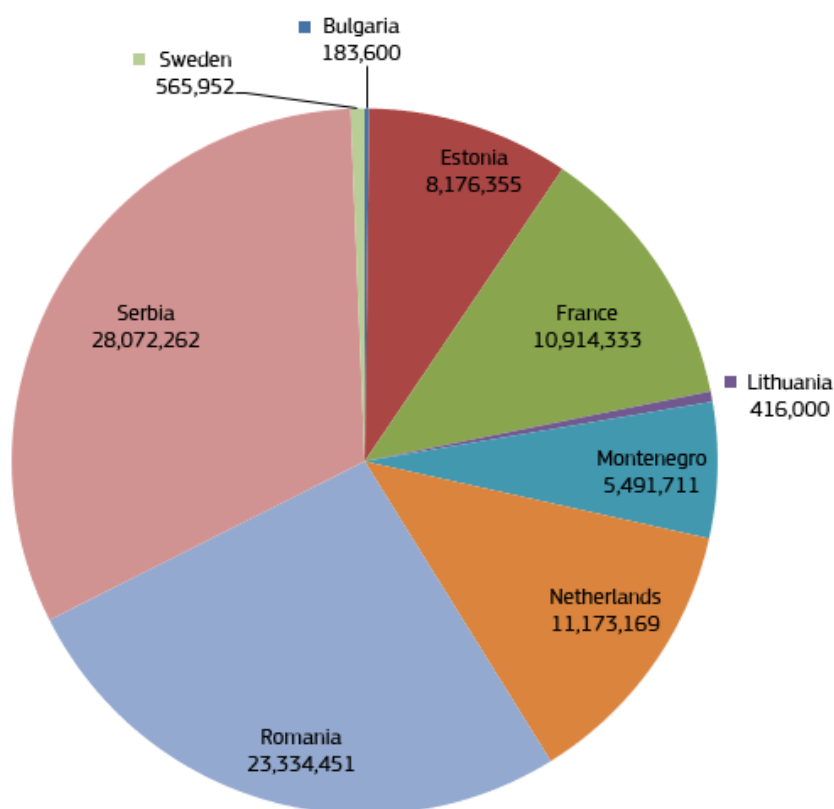
The instrument is still in its early stage of deployment. Its main results as of 30/09/2022 (latest available operational data) are the following,:

- Amount of financing already provided by the instrument to eligible final recipients: EUR 88 327 833.
- Number of final recipients: 8 930 (8 864 for microfinance and 66 for social entrepreneurship).
- Number of loans to micro- and social enterprises: 9 565 (9 499 for microfinance and 66 for social entrepreneurship).
- Total amount of investment realised: EUR 126 176 309.
- Total number of employees: 18 716 (18 036 for microfinance and 680 for social entrepreneurship).



## Geographical diversification

At 31/12/2022, the distribution of financing to eligible final recipients was as follows:



## Main issues for the implementation

The initial pace of implementation was quite slow, mainly due to the preparatory legal work and to the delays caused by the COVID-19 pandemic, which shifted the focus on the development of immediate and urgent measures to address its the adverse effects on final recipients.

However, at the end of 2022, a loan volume of EUR 132 000 000 was signed with financial intermediaries, and it is expected that the instrument will indeed provide an incentive for financial intermediaries to increase access to, and availability of, microfinance and to support the development of the social investment market and facilitate access to finance for social enterprises.

## Performance, financing and investments

Key figures (EUR)	Actual	Target
EU Contribution committed	67,000,000	67,000,000
Leverage effect	1.32	4.48
Multiplier effect	1.88	6.40
Envisaged operations	22	N/A
Financing provided to final beneficiaries	88,327,833	300,000,000
Number of final recipients	8,930	N/A
Investments made by final recipients due to the received financing	126,176,309	428,550,000

## Financial Information

Financial Information (EUR)	Employment and Social Innovation Sub-Fund (EaSI FIS)		
Type of instrument (loan, guarantee, equity, blending, other)	Equity		
Year of inception	2019		
Implementing Partner	EIF		
	Notes	2022	All years
<b>EU Contribution</b>	<b>(1)</b>		
Budgetary commitments		0.00	67,000,000.00
<i>of which from third countries</i>		0.00	29,136.00
<i>of which from reflows</i>		0.00	27,969,379.57
Budgetary payments		0.00	67,000,000.00
<b>Reflows</b>			
Revenues		0.00	0.00
Repayments		0.00	0.00
Total reflows entered into the budget, of which:		0.00	0.00
<i>to the general budget</i>		0.00	0.00
<i>returned to be used</i>		0.00	0.00
<b>Losses from operations</b>			
<b>Guarantees</b>			
Guarantees called		0.00	0.00
Guarantee calls recovered		0.00	0.00
<b>Equities</b>			
Realised losses		0.00	0.00
<b>Loans</b>			
Write offs		0.00	0.00
<b>Management fees and other charges</b>			
Administrative fees		0.00	0.00
Incentive fees		0.00	0.00
Treasury management fees		0.00	0.00
Other charges		0.00	0.00
<b>Revenues</b>			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		0.00	0.00
Net treasury result (including interest) (gains (+) / losses (-))		0.00	0.00
Net FX gains (+) / losses (-)		0.00	0.00
Other revenues		0.00	0.00
	Notes	2022	2021
<b>Risk exposure</b>			
Maximum financial risk exposure		60,999,511.00	113,505,163.00
Value of equity investments		60,999,511.00	61,971,770.00
<i>Investment at cost</i>		67,000,000.00	67,000,000.00

Value of loans		0.00	0.00
	<i>Loans at cost</i>	0.00	0.00
Financial liabilities and provisions		0.00	0.00
<b>Assets under treasury management</b>			
Balance in the fiduciary bank account (including short term deposits <3months)		0.00	0.00
	<i>in euro</i>	0.00	0.00
	<i>in non-euro currencies</i>	0.00	0.00
Other financial assets (including short term deposits >3months)		0.00	0.00

### Notes to the financial information

**(1)** The EU contribution in commitments was finalised in 2020, reaching 100% of the Fund's capital amount. The commitments have been paid in full.

**Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years**

N/A

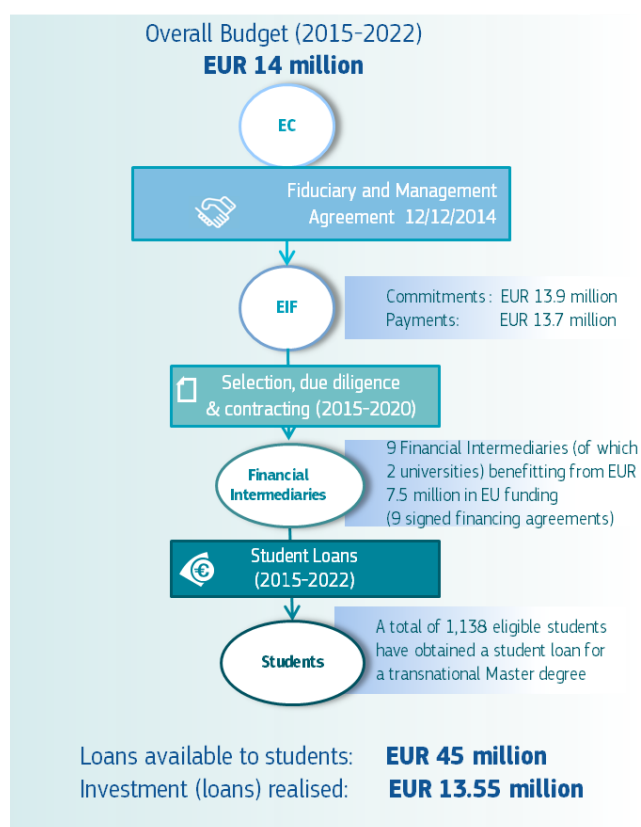
## 3.3 Erasmus+ Student Loan Guarantee Facility (SLGF)

### Description

Identification / Reference to the basic act			
Regulation (EU) No 1288/2013 of the European Parliament and of the Council of 11 December 2013 establishing 'Erasmus+': the Union programme for education, training, youth and sport (Text with EEA relevance)			
Budget lines			
02.029910 (new nomenclature - previously: 15.020101 (EAC))			
(EUR)	2022	2023	2024
<b>Budgetary commitment appropriations</b>	0.00	0.00	0.00
<b>Budgetary payment appropriations</b>	0.00	0.00	0.00

Initial financial envelope:	EUR 517,000000
Current financial envelope:	EUR 13,911,503
Overall financial envelope:	EUR 13,911,503

### General description



The Student Loan Guarantee Facility (SLGF) was piloted under the Erasmus+ programme (2014-2020), aiming to support mobility, equity and study excellence via guarantees to financial intermediaries that agree to providing student loans to students moving for their Master's studies to another Erasmus+ Programme country, regardless of the student's social background and with favourable conditions. The EU capped guarantee (90% at individual level, 18% at portfolio level) thus mitigates the risk of lending to a group that financial intermediaries currently do not consider or find too risky.

### Duration

The SLGF scheme started in June 2015, with 2020 as the final year of its implementation period. The scheme has not been renewed under Erasmus+, but EU-guaranteed student lending support is now provided under the InvestEU programme, building on the SLGF experience and following a successful testing phase through a Skills & Education Guarantee Pilot launched in 2020.

### Added value, final recipients and projects

Master graduates make an increasingly important contribution to innovation and entrepreneurship in Europe as the need for higher skills grows, for example in order to support the digital and green transition. Access to

finance is all the more difficult for students who want to study abroad, although this is an economically rewarding and personally enriching experience, which also benefits society at large.

The Erasmus+ Student Loan Guarantee Facility aimed to increase access to finance in order to enable students, regardless of their social background, to take a Master's Degree in another Erasmus+ programme country, as a contribution to tackling skills gaps in Europe. This student loan scheme for a full master at a university abroad thus complemented the shorter-duration Erasmus+ grants scheme for student mobility (based on the recognition by the home university of study credits obtained abroad).

The funding of student loans by private banks is unlocked through a public subsidy, which takes the form of a 90% guarantee on the repayment of individual loans, up to 18% of the portfolio volume of banks, and valid for 15 years. The Student Loan Guarantee Facility was integrated in the Erasmus+ programme (2014-2020) on a pilot basis.

## Financial institutions involved in implementation

The management of the Student Loan Guarantee Facility was entrusted to the European Investment Fund.

## Operational Performance

### Contribution to the achievement of the objectives of the programme

- In 2022 the scheme remained available to future Master students via 3 financial intermediaries established in 5 Erasmus+ Programme Countries (ES, TR & RO). By end 2022 (Q4 reporting) a total of 1.138 students had effectively benefited from EUR 13,55 million in EU-guaranteed Master Loans.
- Final recipient surveys have been carried out since 2016, with consistently positive results<sup>37</sup>: the **concept is clearly valued by students**, [with satisfaction rates well above 70%] and they communicate that it has a particular ‘graduate premium’ in the labour market.
- ERASMUS+ SLGF has been a pioneer in student loans at the European level. It has been pioneering a number of innovative implementation modes. The learning for the Erasmus+ SLGF pilot could be used for the design of the **Skills & Education Guarantee Pilot** launched in 2020.
- The level of interest from financial intermediaries to the **broader scope of final recipients** (targeting a wider range of individual students and learners, as well as of institutions requiring and providing education and skills) is considered positive by the market uptake in a very short timeframe.
- The EIF is further promoting and extending this type of financial instrument, under the Social Investment and Skills window of InvestEU throughout 2021-2027, supporting more financial intermediaries and final recipients who can benefit from education and skills related financial support.

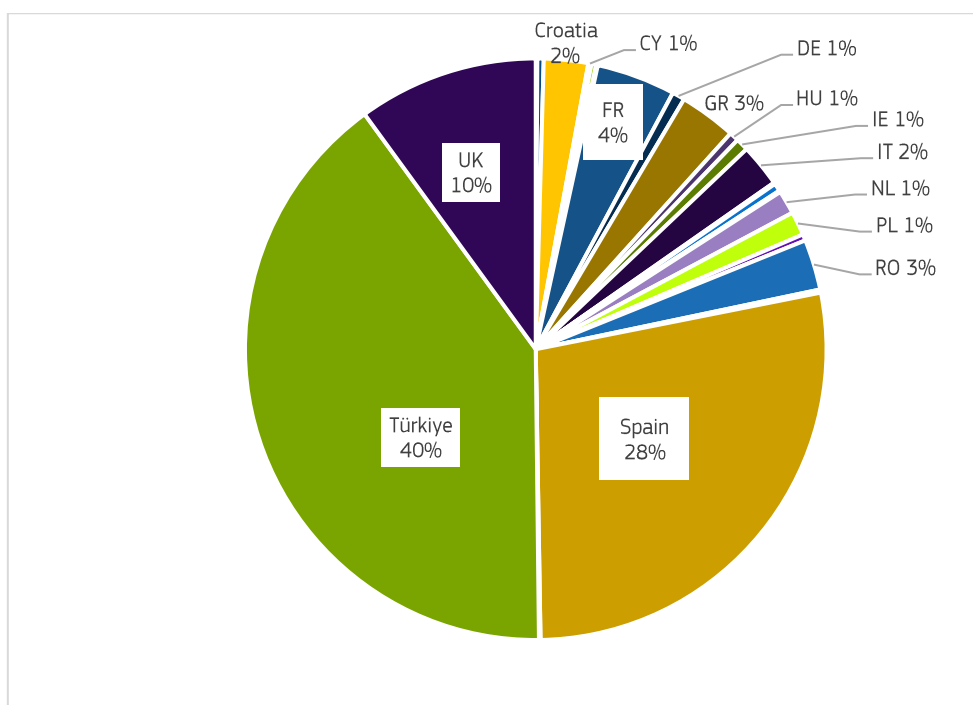
### Geographical diversification

Country	Residence	Bachelor' Degree	Destination for Master's
Argentina		1	
Australia		1	
Austria	1	2	20
Belgium			59
Bosnia and Herzegovina		2	
Brazil		1	
Bulgaria	4	4	
Canada		1	
Croatia	28	22	

<sup>37</sup> The final recipient surveys had an exceptionally high response rate around 50% annually, testifying to the commitment of the final recipients to this financial instrument.

Country	Residence	Bachelor' Degree	Destination for Master's
Cyprus	2	1	12
Czechia	3	3	9
Denmark		1	32
Estonia	1	1	2
Finland			16
France	50	46	64
Germany	8	7	194
Greece	36	33	3
Hungary	6	3	8
Iceland			3
India		1	
Ireland	8	10	25
Italy	27	24	98
Latvia	1		
Lithuania	5	4	2
Luxembourg	1		3
Malta			1
Nepal		1	
Netherlands	15	24	131
Norway			16
Poland	15	8	38
Portugal	4	4	7
Romania	32	29	1
Slovakia			1
Slovenia	2	2	3
Spain	317	294	182
Sweden			55
The Republic of North Macedonia	1	1	3
Türkiye	457	457	
United Kingdom	114	143	150
United States		6	
Venezuela, Bolivarian Republic of		1	

The graph below shows the geographical diversification of SLGF final recipients based on their residence of origin



### Main issues for the implementation

The pilot scheme had a much lower yield (at supply side [financial intermediaries], as well as demand side [student final recipients] than initially envisaged. In the light of low take-up, the EIF and the European Commission maintained their commitment to the objectives but downsized the budgetary allocations and reallocated to the Erasmus+ programme's higher education activities (mainly student mobility).

The learning from the SLGF experience (broaden the scope of the target population and of the financial intermediaries, incl. education and training institutions) has been carried forward into the design of the Skills & Education Guarantee Pilot, successfully tested in 2020 under the EFSI programme and continued under the InvestEU Social Investment and Skills window.

### Performance, financing and investments

Key figures (EUR)	Actual	Target
EU Contribution committed	13,911,503	50,000,000
Leverage effect	0.97	6.20
Multiplier effect	0.97	6.20
Operations	3	27
Financing provided to final recipients	13,548,709	310,000,000
Number of final recipients	1,138	25,833
Investments made by final recipients due to the received financing	13,548,709	310,000,000

### Financial Information

Financial Information (EUR)	Erasmus+ Student Loan Guarantee Facility (SLGF)
Type of instrument (loan, guarantee, equity, blending, other)	Guarantee
Year of inception	2015

Implementing Partner	EIF		
	Notes	2022	All years
<b>EU Contribution</b>			
Budgetary commitments		0.00	13,911,503.00
<i>of which from third countries</i>		0.00	0.00
<i>of which from reflows</i>		0.00	0.00
Budgetary payments		0.00	13,711,503.00
<b>Reflows</b>	<b>(1)</b>		
Revenues		0.00	1,484,039.85
Repayments		0.00	8,368,169.00
Total reflows entered into the budget, of which:		0.00	9,852,208.85
<i>to the general budget</i>		0.00	1,484,039.85
<i>returned to be used</i>		0.00	8,368,169.00
<b>Losses from operations</b>			
<b>Guarantees</b>			
Guarantees called		56,781.00	409,900.83
Guarantee calls recovered		4,004.00	32,638.00
<b>Equities</b>			
Realised losses		0.00	0.00
<b>Loans</b>			
Write offs		0.00	0.00
<b>Management fees and other charges</b>			
Administrative fees		0.00	4,783,083.00
Incentive fees		0.00	1,806,750.00
Treasury management fees		3,213.00	70,612.00
Other charges		0.00	7,921.00
<b>Revenues</b>			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		0.00	0.00
Net treasury result (including interest) (gains (+) / losses (-))		57,138.00	2,146,344.54
Net FX gains (+) / losses (-)		-85,160.00	-3,762,290.22
Other revenues		0.00	70.00
	<b>Notes</b>	<b>2022</b>	<b>2021</b>
<b>Risk exposure</b>			
Maximum financial risk exposure		2,476,520.00	3,833,424.17
Value of equity investments		0.00	0.00
<i>Investment at cost</i>		0.00	0.00
Value of loans		0.00	0.00
<i>Loans at cost</i>		0.00	0.00
Financial liabilities and provisions		563,849.00	1,695,752.00
<b>Assets under treasury management</b>			
Balance in the fiduciary bank account (including short term deposits <3months)		2,445,722.00	2,570,455.00



	<i>in euro</i>		2,000,647.00	2,013,988.72
	<i>in non-euro currencies</i>		445,075.00	556,466.00
Other financial assets (including short term deposits >3months)			1,001,567.00	999,671.00

### Notes to the financial information

- (1) An amount of EUR 1,484,039.85 of interest revenues have been yielded by the asset management (mainly on non-euro currencies TRY and GBP) and were returned to the general budget in accordance to Article 209(3) FR. As the Student Loan Guarantee Facility has not been fully deployed according to initial expectations, a (pre-2021) amount of EUR 8,368,169 excess cash has assigned to Erasmus+ activities under WP 2020.

### Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

N/A

## D. SMEs

### 4.1 COSME<sup>38</sup> Loan Guarantee Facility (LGF)

#### Description

Identification / Reference to the basic act			
Regulation (EU) No 1287/2013 of the European Parliament and of the Council of 11 December 2013 establishing a Programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME) (2014 - 2020) and repealing Decision No 1639/2006/EC			
Budget lines			
02.029901 under the current nomenclature			
(EUR)	2022	2023	2024
<b>Budgetary commitment appropriations</b>	0.00	0.00	0.00
<b>Budgetary payment appropriations</b>	96,669,784	74,282,868	15,000,000

<b>Initial financial envelope<sup>39</sup></b>	EUR 717,000,000
<b>Current financial envelope<sup>40</sup></b>	EUR 2,686,952,803
<b>Overall financial envelope<sup>41</sup></b>	EUR 2,686,952,803

#### General description

The Regulation (EU) No 1287/2013 on the Programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME) (2014 - 2020) establishes two financial instruments with the aim of facilitating access to finance for Small and Medium-sized Enterprises (SMEs). One of the financial instruments is a debt instrument, i.e., the COSME Loan Guarantee Facility (LGF).

The LGF consists of capped portfolio guarantees or counter-guarantees for higher risk debt financing, including subordinated and participating loans, bank guarantees, leasing transactions and working capital financing. The LGF also covers securitisation of SME debt finance portfolios, providing guarantee coverage on a part of the mezzanine tranche of a securitised SME lending portfolio coupled with an undertaking by the originating institutions to build up a new SME loan portfolio.

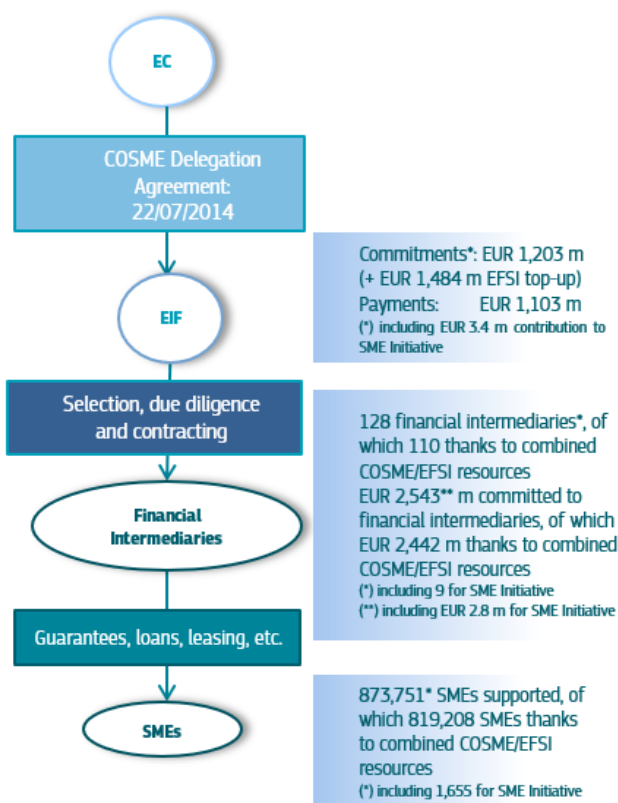
The LGF covers, except for loans in the securitised portfolio, loans up to EUR 150 000 and with a minimum maturity of 12 months. It may also cover loans above EUR 150 000 in cases where SMEs do not meet the innovation criteria specified in the InnovFin SME Guarantee Facility. Individual transactions can be guaranteed for up to 10 years.

<sup>38</sup> Programme for the Competitiveness of Enterprises and small and medium-sized enterprises (COSME)

<sup>39</sup> The COSME basic act provides that no less than 60% of the total financial envelope for the implementation of the COSME programme shall be allocated to the financial instruments. Based on the estimated distribution between the loan guarantee and equity facility in the legislative statement accompanying the COSME basic act, 52% of the overall budget was set out to be allocated to the LGF and 48% to the EFG, however subsequently the largest part of the available budget was made available for the LGF based on market demand.

<sup>40</sup> It includes EUR 1,484,000,000 EFSI top-up and EUR 1,202,952,802.66 COSME LGF own budgetary resources, including EUR 3,400,000, which are earmarked for the SME initiative.

<sup>41</sup> It includes EUR 1,484,000,000 EFSI top-up and EUR 1,202,952,802.66 COSME LGF own budgetary resources, including EUR 3,400,000, which are earmarked for the SME initiative.



Financing provided\*: **EUR 53,872 m**  
of which EUR 50,945 m thanks to combined COSME/EFSI resources  
Investment realised\*\*: **EUR 67,000 m**  
of which EUR 63,681 m thanks to combined COSME/EFSI resources  
(\*) including EUR 257 m for SME Initiative  
(\*\*) including EUR 322 m for SME Initiative

### Added value and final recipients

The EIF provides under the LGF (counter-)guarantees for a portfolio of newly generated SMEs transactions which have a higher risk profile than transactions offered by the financial intermediary under its normal business practice, thereby providing financing to SMEs that otherwise would not be able to obtain financing or under worse financing conditions.

### Financial institutions involved in implementation

The EIF was responsible for evaluating and selecting the financial intermediaries. The related open call for expression of interest for financial intermediaries published by the EIF is available at: [https://www.eif.org/what\\_we\\_do/guarantees/single\\_eu\\_debt\\_instrument/cosme-loan-facility-growth/index.htm](https://www.eif.org/what_we_do/guarantees/single_eu_debt_instrument/cosme-loan-facility-growth/index.htm). However, applications are no longer accepted as the programming period ended in 2020.

The LGF is implemented by the European Investment Fund (EIF) on behalf of the European Commission represented by Directorate-General Internal Market, Industry, Entrepreneurship and SMEs (DG GROW). The Delegation Agreement signed with the EIF in 2014 ensured that the LGF was accessible for a broad range of financial intermediaries (guarantee societies, national promotional institutes, commercial banks, cooperatives, etc.) with experience and capacity to enter into new financial transactions with SMEs. The LGF also contributes to the financial instruments deployed under the SME Initiative, a joint instrument combining COSME and/or Horizon 2020 EU funds and ESIF resources in cooperation with EIB/EIF with a view to generate additional lending to SMEs in specific Member States.<sup>42</sup>

Target final recipients under the capped portfolio guarantees and the securitisation transactions are SMEs without a specific sector focus.

### Duration

The programme period of the LGF is from 2014 to 2020, when budgetary commitments were made. The application period for financial intermediaries was closed in 2020. Nevertheless, the LGF is expected to operate until 31 December 2034 (until last operations are wound down).

<sup>42</sup> The LGF contribution to the SME Initiative Italy (securitisation option) is also covered in chapter 4.9 (SME Initiative).

## Operational Performance

### Contribution to the achievement of the objectives of the programme

Due to continuous high market demand, the available LGF budget envelope was reinforced with several top-ups from the European Fund for Strategic Investments (EFSI) SME Window for a total of nearly EUR 1.5 billion, allowing the continuation of the accelerated roll-out of EU guaranteed financing of higher risk SME transactions. The EFSI top-up supported transactions related to the digitalisation pilot launched in 2019 and a response to the COVID-19 virus outbreak and its economic impact in 2020 and following years.

In reaction to the 2020 COVID crisis, EUR 714 million from the European Fund for Strategic Investments were redirected to the COSME Loan Guarantee Facility to allow the European Investment Fund (EIF) to incentivise banks to provide liquidity to SMEs affected by the COVID crisis. More flexibility was given to users of the Facility, and the guarantee rate was increased from 50 to 80%. So far (as of 31/12/2022), this helped more than 180,000 European SMEs to access more than EUR 10 billion of liquidity finance under the COSME COVID measure.

In terms of total investment realised, a maximum amount of financial support of up to EUR 68 billion will be made available to SMEs that otherwise would not be able to get the financing they need. The financing provided triggers significant additional investments of 21-29% by the SMEs, with medium or large SMEs investing higher amounts than small ones<sup>43</sup>. The amount of investments realised is estimated<sup>44</sup> at EUR 67 billion by the end of 2022.

### Geographical diversification

By the end of 2022, the LGF provided guarantees and counter-guarantees to financial intermediaries located in 33 countries (25 Member States and 8 countries participating to COSME) which supported the distribution of nearly EUR 54 billion financing<sup>45</sup> to more than 870,000 SMEs<sup>46</sup>:

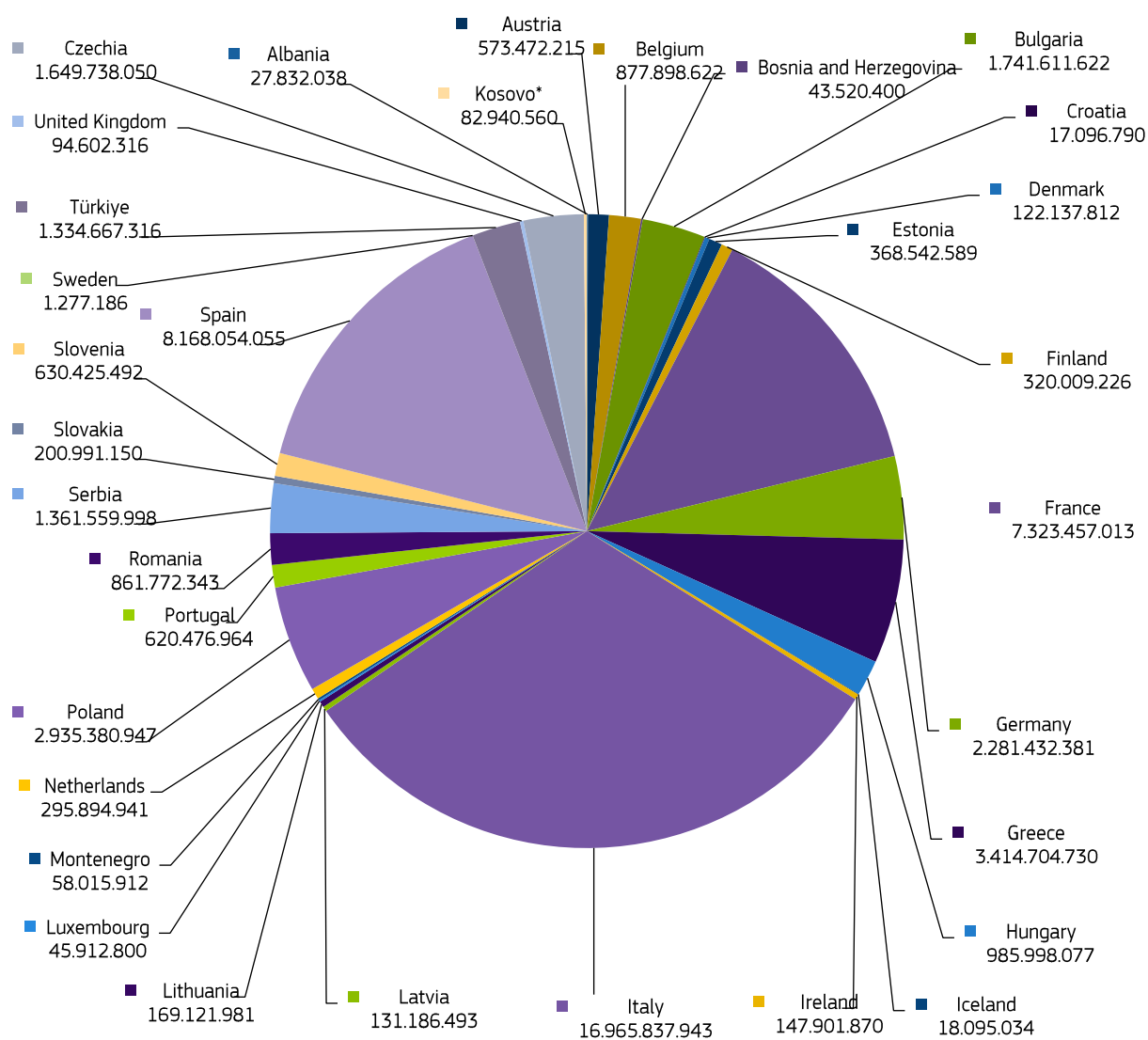
<sup>43</sup> Cf. results of a survey carried out as part of the COSME interim evaluation, Final report: <https://ec.europa.eu/docsroom/documents/28084>

<sup>44</sup> Using a proxy of 1,25 between financing and investment amount.

<sup>45</sup> It also includes EUR 257 million of financing provided within the SME Initiative. Out of the EUR 54 billion financing,

EUR 51 billion are provided thanks to combined COSME/EFSI resources.

<sup>46</sup> It includes 1,655 SMEs supported within the SME Initiative. Out of the 870,000 SMEs supported, 819,000 SMEs are supported thanks to combined COSME/EFSI resources.



\* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

### Main issues for the implementation

Overall, there were no particular critical risks as per the period up to the end of 2022.

No critical risks have been identified with regard to eligibility of financial intermediaries and final recipients, contractual compliance processes and contract performance.

### Performance, financing and investments

For the programme period 2014-2020, EUR 2.5 billion<sup>47</sup> has been engaged in helping SMEs that otherwise would not be able to get the financing they need. It allowed 163 EU guarantees for to be provided to 128 financial intermediaries<sup>48</sup>. These guarantees assure that more than 870,000 SMEs<sup>49</sup> receive the financial

<sup>47</sup> The EUR 2.5 billion include EUR 2.8 million for the SME Initiative and EUR 2.4 billion (out of EUR 2.5 billion) are achieved thanks to combined COSME/EFSD resources.

<sup>48</sup> Out of the 128 financial intermediaries, 110 are achieved thanks to combined COSME/EFSD resources. Out of the 128 financial intermediaries, 9 are participating in the SME Initiative.

support they need. The support amounts to more than EUR 53 billion<sup>50</sup>. This triggers mobilisation of additional private capital.

This way, the LGF achieved the leverage target range between 20 and 30 as defined in the basic act.

No additional operations are planned to be signed after the reporting period (i.e., after end 2022) as the application period for financial intermediaries has been also closed in 2020.

Key figures (EUR)	Actual	Target
EU Contribution committed	2,542,913,169	717,000,000
Leverage effect	21	from 20 to 30
Multiplier effect	26	N/A*
Operations	163	N/A*
Financing provided to final recipients	53,871,566,864	from 14,300,000,000 to 21,500,000,000
Number of final recipients	873,751	from 220 000 to 330 000
Investments made by final recipients due to the received financing	67,000,000,000	N/A*

\* No targets were set out in the basic act.

During its implementation period, the LGF has been assessed twice in 2017: first by the European Court of Auditors<sup>51</sup> and secondly as part of COSME's interim evaluation<sup>52</sup>. Both assessments show that the LGF performs successfully. It is properly designed to help SMEs, which would otherwise struggle to obtain finance, to increase total assets, sales and employees when compared to the general SME population. The impact of the facility could be further strengthened by coordinating better with Member State activities. The additionality was identified as 63%, almost achieving the target of 64% as per the basic act. The interim evaluation concluded that for each EUR 1 million invested into the LGF (effects fully attributable to the LGF), SMEs will benefit via 491 additional jobs created and EUR 22 million in additional turnover.

Based on lessons learned from audits and other assessments, the Commission proposed to set up one single programme (InvestEU Programme 2021-2027) establishing one single fund (the InvestEU Fund). It builds on the successful model of the EFSI. The InvestEU Fund ensures a streamlined approach towards the management and reporting on financial instruments/budgetary guarantees. Under the InvestEU Fund, financial products catering towards the Commission's policy priorities, including the financing of SMEs, are established ([www.eif.org/InvestEU/index.htm](http://www.eif.org/InvestEU/index.htm)) and SMEs can already apply for financing ([www.access2finance.eu](http://www.access2finance.eu)).

<sup>49</sup> Out of the 873,751 supported SMEs, 819,208 SMEs are supported thanks to combined COSME/EFSA resources. In the 873,751 supported SMEs is also included 1,655 supported within the SME Initiative.

<sup>50</sup> Out of the EUR 53 billion financial support provided, EUR 51 billion was achieved thanks to combined COSME/EFSA resources. The EUR 53 billion financial support also includes EUR 257 million provided via the SME Initiative.

<sup>51</sup> Special report No 20/2017: EU-funded loan guarantee instruments: positive results but better targeting of beneficiaries and coordination with national schemes needed, available at <https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=44174>

<sup>52</sup> Interim evaluation of the COSME Programme, Final report available at <https://ec.europa.eu/docsroom/documents/28084>

## Financial Information

Financial Information (EUR)	COSME Loan Guarantee Facility (LGF)		
Type of instrument (loan, guarantee, equity, blending, other)	Guarantee		
Year of inception	2014		
Implementing Partner	European Investment Fund		
	Notes	2022	All years
<b>EU Contribution</b>	<b>(1)</b>		
Budgetary commitments		0.00	1,202,952,802.66
<i>of which from third countries</i>		0.00	47,706,615.00
<i>of which from reflows</i>		0.00	1,949,541.44
Budgetary payments		96,669,784.00	1,103,286,879.00
<b>Reflows</b>	<b>(2)</b>		
Revenues		0.00	0.00
Repayments		1,389,493.65	1,389,493.65
Total reflows entered into the budget, of which:		1,389,493.65	1,389,493.65
<i>to the general budget</i>		0.00	0.00
<i>returned to be used</i>		1,389,493.65	1,389,493.65
<b>Losses from operations</b>			
<b>Guarantees</b>	<b>(3)</b>		
Guarantees called		92,566,501.00	462,675,890.00
Guarantee calls recovered		12,893,518.00	38,233,191.00
<b>Equities</b>			
Realised losses		0.00	0.00
<b>Loans</b>			
Write offs		0.00	0.00
<b>Management fees and other charges</b>	<b>(4)</b>		
Administrative fees		0.00	33,682,677.47
Incentive fees		0.00	38,494,489.69
Treasury management fees		402,760.00	1,961,078.00
Other charges		0.00	12,412.00
<b>Revenues</b>			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		74,704.68	110,460.68
Net treasury result (including interest) (gains (+) / losses (-))		17,711,534.00	32,792,948.44
Net FX gains (+) / losses (-)		-5,228,054.00	-29,895,418.28
Other revenues		0.00	16,376.00
	Notes	2022	2021
<b>Risk exposure</b>			
Maximum financial risk exposure		674,266,080.00	782,365,895.00
Value of equity investments		0.00	0.00
<i>Investment at cost</i>		0.00	0.00
Value of loans		0.00	0.00



	<i>Loans at cost</i>		0.00	0.00
Financial liabilities and provisions			616,717,288.24	779,701,546.00
<b>Assets under treasury management</b>				
Balance in the fiduciary bank account (including short term deposits <3months)			590,575,753.00	580,769,118.00
	<i>in euro</i>		214,598,604.00	192,398,844.00
	<i>in non-euro currencies</i>		375,977,149.00	388,370,274.00
Other financial assets (including short term deposits >3months)			13,728,402.60	13,702,422.00

## Notes to the financial information

(1) The financial envelope available is composed of the amounts committed towards the LGF for the years 2014-2020 in line with the amounts allocated towards the LGF in 2014-2020 as set out in the COSME work programmes (as adopted). At the end of 2020, all commitment appropriations as authorised by the European Parliament and the Council of the EU for the period 2014-2020 were used in line with the planned operational implementation. The LGF has a rather accelerated budgetary implementation ratio, with a 92 % budgetary execution rate of payments in comparison to commitments as of 31 December 2022. It is expected that at the beginning of 2024 the budgetary implementation ratio would reach 100%, i.e., payment appropriations would match almost in full commitment appropriations.

(2) In line with Article 35(1) of the InvestEU Regulation, 2022 reflows in the amount of EUR 1,389,493.65 were assigned to InvestEU.

(3) Payment appropriations are needed to allow the implementation partner (the European Investment Fund) to honour guarantee calls from financial intermediaries for defaulting loans and to hedge currency exposures (as a large number of financing is made available to SMEs in countries which are not part of the euro zone).

(4) All management fee payments to the EIF were correctly executed within the contractual limits set. In 2020 the overall agreed management fee limits were reached resulting in zero charges for administrative costs and incentive fees for the following years.

## Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

Minding nature and design of the LGF, there is no direct link between the validation time of the budgetary commitments by the Authorising Officer in the Commission accounting system and the signature of agreements between the financial intermediaries and final recipients in a reporting year.

Budgetary commitments were authorised based on (i) the pipeline of continuous applications from financial intermediaries and (ii) yearly budget resources needed for signatures between the European Investment Fund and the financial intermediaries. Once the applications were approved, agreements were signed between the European Investment Fund and the respective financial intermediaries. They had then a contractual obligation to build up portfolios of new loans, bank guarantees, leasing transactions, etc. over of period usually between 2 and 3 years. In the process of creating these portfolios, the financial intermediaries signed agreements with final recipients by providing them loans, bank guarantees, leases, etc.



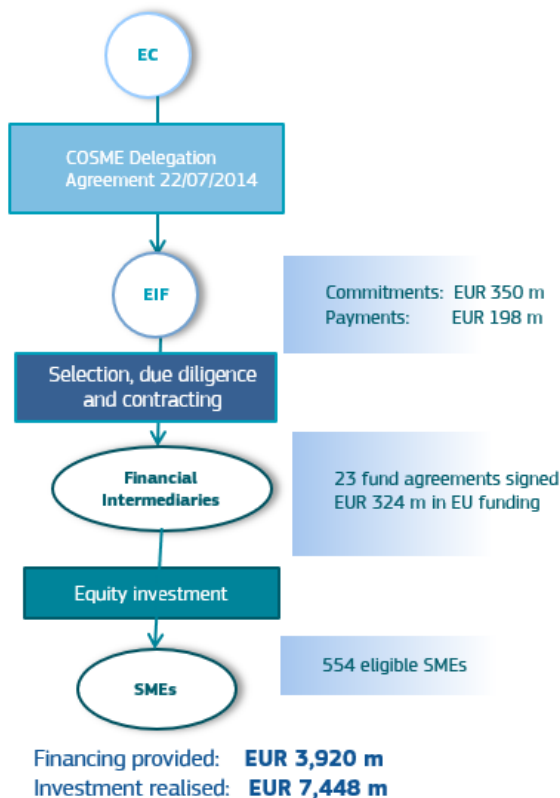
## 4.2 COSME<sup>53</sup> Equity Facility for Growth (EFG)

### Description

Identification / Reference to the basic act			
Regulation (EU) No 1287/2013 of the European Parliament and of the Council of 11 December 2013 establishing a Programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME) (2014 - 2020) and repealing Decision No 1639/2006/EC			
Budget lines			
02.029901 under the current nomenclature			
(EUR)	2022	2023	2024
<b>Budgetary commitment appropriations</b>	0.00	0.00	0.00
<b>Budgetary payment appropriations</b>	53,174,936	25,327,296	25,000,000

<b>Initial financial envelope<sup>54</sup></b>	EUR 662,000,000
<b>Current financial envelope</b>	EUR 350,285,298
<b>Overall financial envelope</b>	EUR 350,285,298

### General description



The Regulation (EU) No 1287/2013 on the Programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME) (2014 - 2020) establishes two financial instruments with the aim of facilitating access to finance for Small and Medium-sized Enterprises (SMEs). One of the financial instruments is an equity instrument, i.e., the Equity Facility for Growth (EFG).

The EFG provides enhanced access to risk capital for which significant market gaps exist in Europe and supports the development of a pan-European risk capital market. The latter will be achieved by focusing investments predominantly in those risk capital funds which invest cross-border.

The EFG is a successor to the High Growth and Innovative SME Facility (GIF2) under the Competitiveness and Innovation Framework Programme (CIP, 2007-2013).

<sup>53</sup> Programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME)

<sup>54</sup> The COSME basic act provides that no less than 60% of the total financial envelope for the implementation of the COSME programme shall be allocated to the financial instruments. Based on the estimated distribution between the loan guarantee and equity facility in the legislative statement accompanying the COSME basic act, 52% of the overall budget was set out to be allocated to the Loan Guarantee Facility (LGF) and 48% to the EFG, however subsequently the largest part of the available budget was made available for the LGF based on market demand.

The EFG is implemented by the European Investment Fund (EIF) on behalf of the Commission, as a window of a single Union equity financial instrument supporting EU enterprises' growth and research and innovation from the early stage, including seed, up to the growth stage. It focuses on funds that provide venture capital and mezzanine finance, such as subordinated and participating loans, to expansion and growth-stage enterprises, in particular those operating across borders, while having the possibility to make investments in early-stage enterprises in conjunction with the equity facility for Research, Development and Innovation (RDI) under Horizon 2020. The financial support is given in the form of direct investments made by the EIF in financial intermediaries that provide equity or quasi-equity financing to SMEs or indirect investments via funds-of-funds as part of the Pan-European VC funds-of-funds project.

The 2014 Delegation Agreement with the EIF ensured that the EFG was accessible to a broad range of financial intermediaries provided that these are professionally and independently managed and that the funds were located in a COSME participating country.

From a technical point of view, the EIF was instructed to invest on a pari-passu basis with other private and public investors. Final target recipients are SMEs in their growth and expansion stage without a specific sector focus.

### **Duration**

The programme period of the EFG is from 2014 to 2020, when budgetary commitments were made. The application period for financial intermediaries has been closed in 2020. Nevertheless, the instrument is expected to operate until 31 December 2034 (until last operations are wound down).

### **Added value and final recipients**

The added value of the EFG lies, inter alia, in strengthening the internal market for venture capital and in developing a pan-European SME finance market, in transferring best practices and the standardisation of documentation across participating countries, as well as in addressing market failures that cannot be addressed by Member States on their own.

### **Financial institutions involved in implementation**

The EIF was responsible for evaluating and selecting financial intermediaries according to the Delegation Agreement. The related continuous open call for expression of interest for financial intermediaries published by the EIF is available at in this link<sup>55</sup>. However, no more applications are accepted since the programming period has ended in 2020.

## **Operational Performance**

### **Contribution to the achievement of the objectives of the programme**

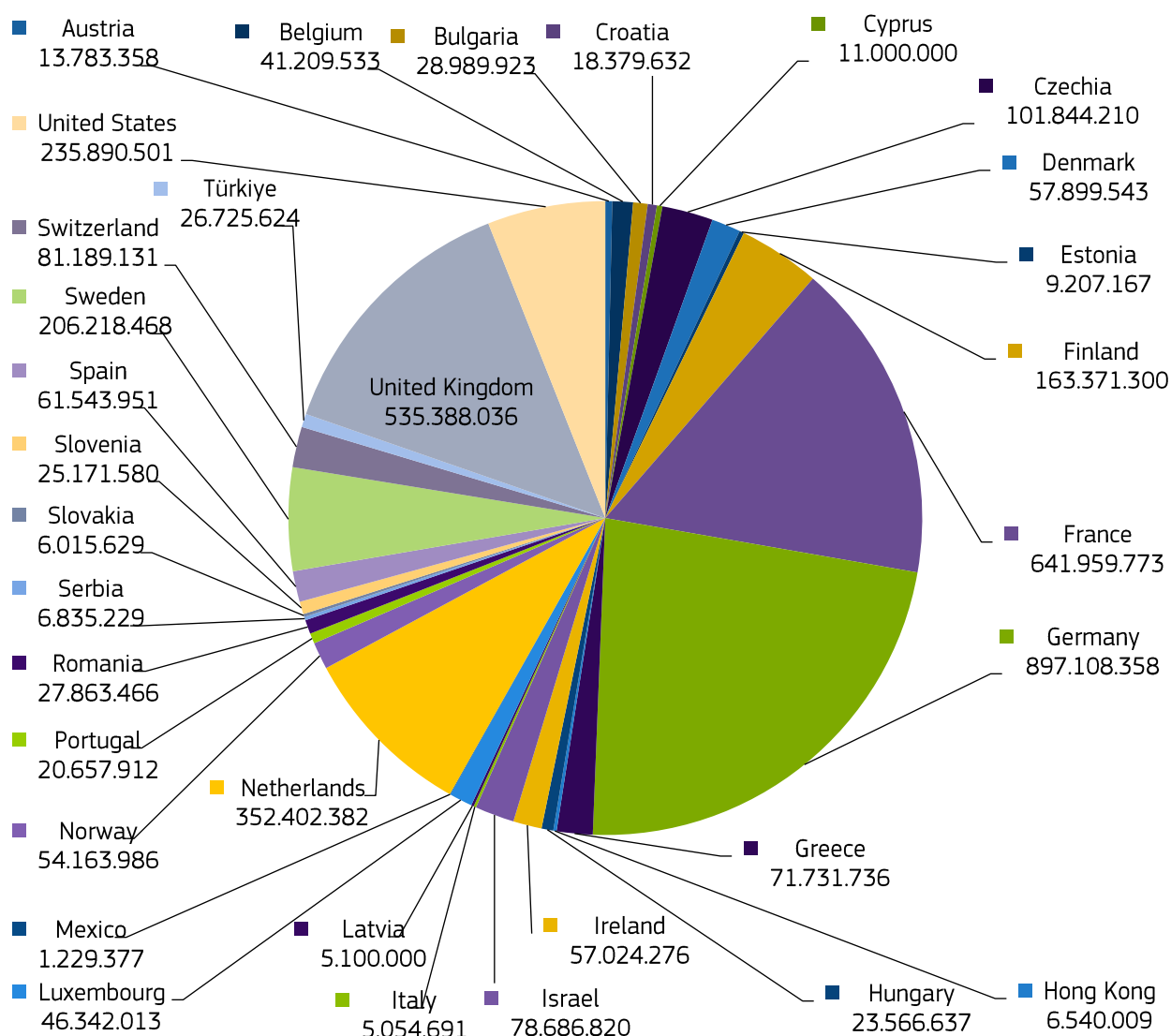
The EFG invests in Expansion and Growth Stage and Multi-Stage equity funds alongside other investors that also invest in such funds on a pari-passu basis. The EFG invests up to 25% of the fund size, whereas the rest comes from other investors (public and private). In general, 70% of funding is provided by private investors and 30% comes from public investors. Private investors include banks (investing at own risk and from own resources), private endowments and foundations, family offices, Business Angels, private individuals, corporate investors, insurance companies and pension funds.

An additional implementation mechanism in the form of a contribution to the Pan-European VC Funds-of-Funds project has been put in place in February 2017 under the EFG. Two signatures with Funds-of-Funds managers took place in 2018 and 2019 for a total contribution of EUR 45 million. Those two Funds-of-Funds continue with the implementation of their investment strategies.

<sup>55</sup> [https://www.eif.org/what\\_we\\_do/equity/single\\_eu\\_equity\\_instrument/cosme\\_efg/index.htm](https://www.eif.org/what_we_do/equity/single_eu_equity_instrument/cosme_efg/index.htm).

## Geographical diversification

The total investment realised thanks to the EFG are more than EUR 3.9 billion of financial support provided to 554 eligible SMEs in 33 countries (see graph below for geographical diversification), leading to an estimated EUR 7.4 billion of overall investments.



## Main issues for the implementation

Compared to guarantee agreements, the due diligence process for equity is much more complex, and necessitates more time (e.g., due to the fund-raising process involved from various investors) which has resulted in a longer initial implementation of the EFG.

The implementation of the EFG was furthermore impacted by the establishment of the Expansion and Growth Window under the EFSI Equity instrument, which had largely the same investment focus as the EFG. As a result, an order of priority was established whereby the EIF was requested to first absorb investment capacity available under the EFSI Expansion and Growth Window before making use of EFG resources for investments taking place in Member States. However, the EFG also targeted investments in third countries participating in the COSME programme and these investments will continue to be made under the EFG only. As a consequence of reduced market demand for the EFG in Member States, the 2018-2020 EFG budget allocation was sized accordingly in comparison to its initially planned financial envelope.

## Performance, financing and investments

For the programme period 2014-2020, over EUR 350 million EU budgetary resources have been engaged in helping SMEs to enhance their access to risk capital in the growth and expansion stage of their development. It allowed 23 fund agreements for EUR 324 million to be signed with fund managers. These managers invested more than EUR 3.9 billion into more than 500 SMEs. These investments trigger mobilisation of additional private capital.

Despite the additional time needed (in comparison to the guarantee agreements) for full deployment, now the EFG outperforms as its leverage exceeds the range between 4 and 6 as defined in the basic act.

No additional operations are planned to be signed after the reporting period (i.e., after end 2022) as the application period for financial intermediaries has been also closed in 2020.

Key figures (EUR)	Actual	Target
EU Contribution committed	350,285,298	662,000,000
Leverage effect	11	from 4 to 6
Multiplier effect	21	N/A*
Operations	23	N/A*
Financing provided to final recipients	3,920,094,253	from 2,600,000,000 to EUR 3,900,000,000
Number of final recipients	554	from 360 to 540
Investments made by final recipients due to the received financing	7,448,179,082	N/A*

\* No targets were set out in the basic act.

During its implementation period, the EFG was assessed twice, first as part of COSME's interim evaluation<sup>56</sup> and secondly by the European Court of Auditors<sup>57</sup>. These assessments showed that the EFG added value by contributing to a favourable investment environment for growth-oriented SMEs.

The EFG had limited take up due to multiannual investment periods and prioritisation of the Expansion and Growth Window under the EFSI Equity instrument EFSI. The impact of the EFG could be further strengthened by aligning with other EU equity products. The additionality could not be measured at the time of the COSME's interim evaluation due to the limited number of investments at that time.

Based on lessons learned from audits and other assessments, the Commission proposed to set up one single programme (InvestEU Programme 2021-2027) establishing one single fund (InvestEU Fund). It builds on the successful model of the European Fund for Strategic Investments. InvestEU will ensure a streamlined approach towards the management and reporting on financial instruments/budgetary guarantees.

Under the InvestEU Fund, financial products catering towards the Commission's policy priorities, including the financing of SMEs, are established (<https://www.eif.org/InvestEU/index.htm>) and SMEs can already apply for financing ([www.access2finance.eu](http://www.access2finance.eu)).

## Financial Information

Financial Information (EUR)	COSME Equity Facility for Growth (EFG)
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<sup>56</sup> Interim evaluation of the COSME Programme, Final report available at <https://ec.europa.eu/docsroom/documents/28084>.

<sup>57</sup> Special report No 17/2019: Centrally managed EU interventions for venture capital: in need of more direction, available at <https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=51616>.

Type of instrument (loan, guarantee, equity, blending, other)	Equity		
Year of inception	2014		
Implementing Partner	European Investment Fund		
	Notes	2022	All years
<b>EU Contribution</b>	<b>(1)</b>		
Budgetary commitments		-27,814,701.74	350,285,298.26
<i>of which from third countries</i>		0.00	0.00
<i>of which from reflows</i>		0.00	86,980,418.58
Budgetary payments		53,174,936.00	197,758,207.00
<b>Reflows</b>	<b>(2)</b>		
Revenues		0.00	0.00
Repayments		18,288,600.82	22,457,608.82
Total reflows entered into the budget, of which:		18,288,600.82	22,457,608.82
<i>to the general budget</i>		0.00	0.00
<i>returned to be used</i>		18,288,600.82	22,457,608.82
<b>Losses from operations</b>			
<b>Guarantees</b>			
Guarantees called		0.00	0.00
Guarantee calls recovered		0.00	0.00
<b>Equities</b>			
Realised losses		0.00	0.00
<b>Loans</b>			
Write offs		0.00	0.00
<b>Management fees and other charges</b>			
Administrative fees		0.00	10,586,799.00
Incentive fees		0.00	12,099,200.00
Treasury management fees		31,526.00	193,889.00
Other charges		8,408.00	18,116.00
<b>Revenues</b>			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		14,964,492.00	15,090,148.00
Net treasury result (including interest) (gains (+) / losses (-))		31,100.00	-261,552.07
Net FX gains (+) / losses (-)		-198,179.00	-486,835.36
Other revenues		0.00	0.00
	Notes	2022	2021
<b>Risk exposure</b>			
Maximum financial risk exposure		333,969,982.00	349,441,860.00
Value of equity investments		175,189,131.00	162,097,743.00
<i>Investment at cost</i>		115,741,915.00	108,804,403.00
Value of loans		0.00	0.00
<i>Loans at cost</i>		0.00	0.00
Financial liabilities and provisions		0.00	0.00

<b>Assets under treasury management</b>			
Balance in the fiduciary bank account (including short term deposits <3months)		46,661,493.18	8,876,209.00
	<i>in euro</i>	44,990,707.00	6,206,927.00
	<i>in non-euro currencies</i>	1,670,786.00	2,669,282.00
Other financial assets (including short term deposits >3months)		3,525,583.00	3,518,911.00

## Notes to the financial information

(1) The Equity Facility for Growth has a rather low budgetary implementation ratio, i.e., 56% budgetary execution rate of payments in comparison to commitments as of 31 December 2022 due the implementation specificities:

- i. Payment appropriations are needed to allow the implementation partner (the European Investment Fund) to honour drawdown notices from fund managers, who will use the cash to invest in portfolio companies. Since it is industry standard that venture capital fund managers have up to 5 years to make the first initial investments into SMEs following the creation of the venture fund, there is a significant delay between the time of signature of a fund agreement by the EIF and the respective drawdown notices by the fund managers. Moreover, following the initial investment by the fund manager, funds can hold on to their portfolio companies for up to 10-years during which they can undertake follow-on investments to grow the companies. This pattern of activity explains why there is a significant time delay between commitment and payment appropriations in the case of venture capital investments.
- ii. In addition, the EFG prioritised funds focused on investments in COSME third countries participating in the programme, whereas these third countries cannot be supported under the SME window of the European Fund for Strategic Investments.

(2) 2022 reflows in the amount of EUR 18,288,600.82 and 2021 reflows in the amount of EUR 861,887.00 were assigned to the Public Sector Loan Facility.

## Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

Minding nature and design of the EFG, there is no direct link between the validation time of the budgetary commitment by the Authorising Officer in the Commission accounting system and the signature of agreements between the financial intermediaries and final recipients in a reporting year.

Budgetary commitments were authorised based on (i) the pipeline of continuous applications from financial intermediaries and (ii) yearly budget resources needed for signatures between the European Investment Fund and the financial intermediaries. Once the applications were approved, agreements were signed between the European Investment Fund and the respective financial intermediaries. They had then a contractual obligation usually within 5 years to identify investments in several companies. Within such timeframe, the financial intermediaries signed agreements with final recipients during the first investment in those recipients. The investments then take place gradually over a period of usually 10 years.



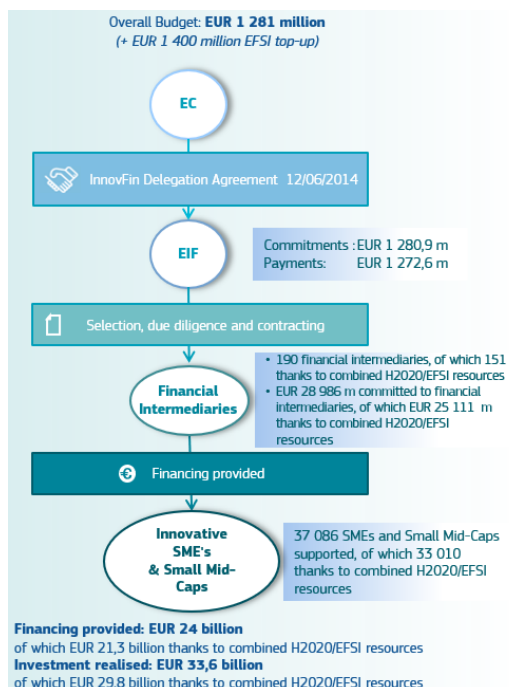
## 4.3 SMEs & Small Midcaps R&I Loans Service under Horizon 2020 (InnovFin SME Guarantee)

### Description

Identification / Reference to the basic act			
Regulation (EU) No 1291/2013 of the European Parliament and of the Council of 11 December 2013 establishing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020).			
Regulation (EU) No 1290/2013 of the European Parliament and of the Council of 11 December 2013 laying down the rules for participation and dissemination in "Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020)".			
Council Decision 2013/743/EU of 3 December 2013 establishing the specific programme implementing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020).			
Budget lines			
02.029903			
(EUR)	2022	2023	2024
<b>Budgetary commitment appropriations</b>	0.00	0.00	0.00
<b>Budgetary payment appropriations</b>	0.00	8,300,000	0.00

Initial financial envelope:	EUR 1,000,000,000
Current financial envelope <sup>58</sup> :	EUR 2,702,771,217
Overall financial envelope <sup>59</sup> :	EUR 2,702,771,217

### General description



InnovFin SME Guarantee addresses the financing gap for innovative and digitalisation driven SMEs and Small Midcaps (with up to 499 employees) for their investments in innovative products and processes containing significant technology or application risks or for their investment in digitalisation. The InnovFin SME Guarantee also contributes to the financial instruments deployed under the SME Initiative, a joint instrument combining COSME and/or Horizon 2020 EU funds and ESIF resources in cooperation with EIB/EIF with a view to generate additional lending to SMEs in specific Member States.<sup>60</sup>

### Duration

The InnovFin SME Guarantee has been implemented since 10 June 2014, following the signature of the Delegation Agreement between the European Investment Bank and the European Investment Fund in respect of the financial instruments under Horizon 2020. The facility is planned to last

<sup>58</sup> It includes EUR 1,400,000,000 EFSI top-up and EUR 1,302,771,217 H2020 own budgetary resources, including EUR 21,856,917 which are earmarked for the SME initiative

<sup>59</sup> It includes EUR 1,400,000,000 EFSI top-up and EUR 1,302,771,217 H2020 own budgetary resources, including EUR 21,856,917 which are earmarked for the SME initiative.

<sup>60</sup> The InnovFin SME Guarantee contribution to the SME Initiative is also covered in chapter 4.9 (SME Initiative).

until 31 December 2033 (until the last operations are wound down).

### **Added value, final recipients and projects**

By providing direct or indirect guarantees to financial intermediaries, such as commercial banks or alternative lenders, the EU and the EIF, as risk-sharing partners at EU level, support the provision of loan finance to innovative SMEs and Midcaps. The guarantee covers up to 50% of intermediaries' potential losses. The EIF also offers counter-guarantees to financial intermediaries, such as guarantee institutions, providing risk protection to banks extending loans to R&I-driven SMEs and Midcaps.

InnovFin SME Guarantee offers advantages in the form of risk-sharing and capital relief for the financial intermediaries, resulting in a significant loan and lease volume in support of innovative SMEs and Midcaps and their investment, thereby successfully addressing the financing gap for these companies.

R&I-driven SMEs or Small Midcaps wishing to apply for a loan should contact one of the financial intermediaries, which signed an agreement with the EIF. This is a demand-driven facility, with no prior allocations between sectors, countries or regions. However, the Commission incentivises the EIF to make a particular effort to ensure that a significant proportion of final recipients are eco-innovative SMEs and Small Midcaps.

### **Financial institutions involved in implementation**

The EIF is the entrusted entity for the InnovFin SME Guarantee.

Financial intermediaries selected by EIF for the implementation of the facility may include private financial institutions as well as governmental and semi-governmental financial institutions, national and regional public banks as well as national and regional investment banks.

## **Operational Performance**

### **Contribution to the achievement of the objectives of the programme**

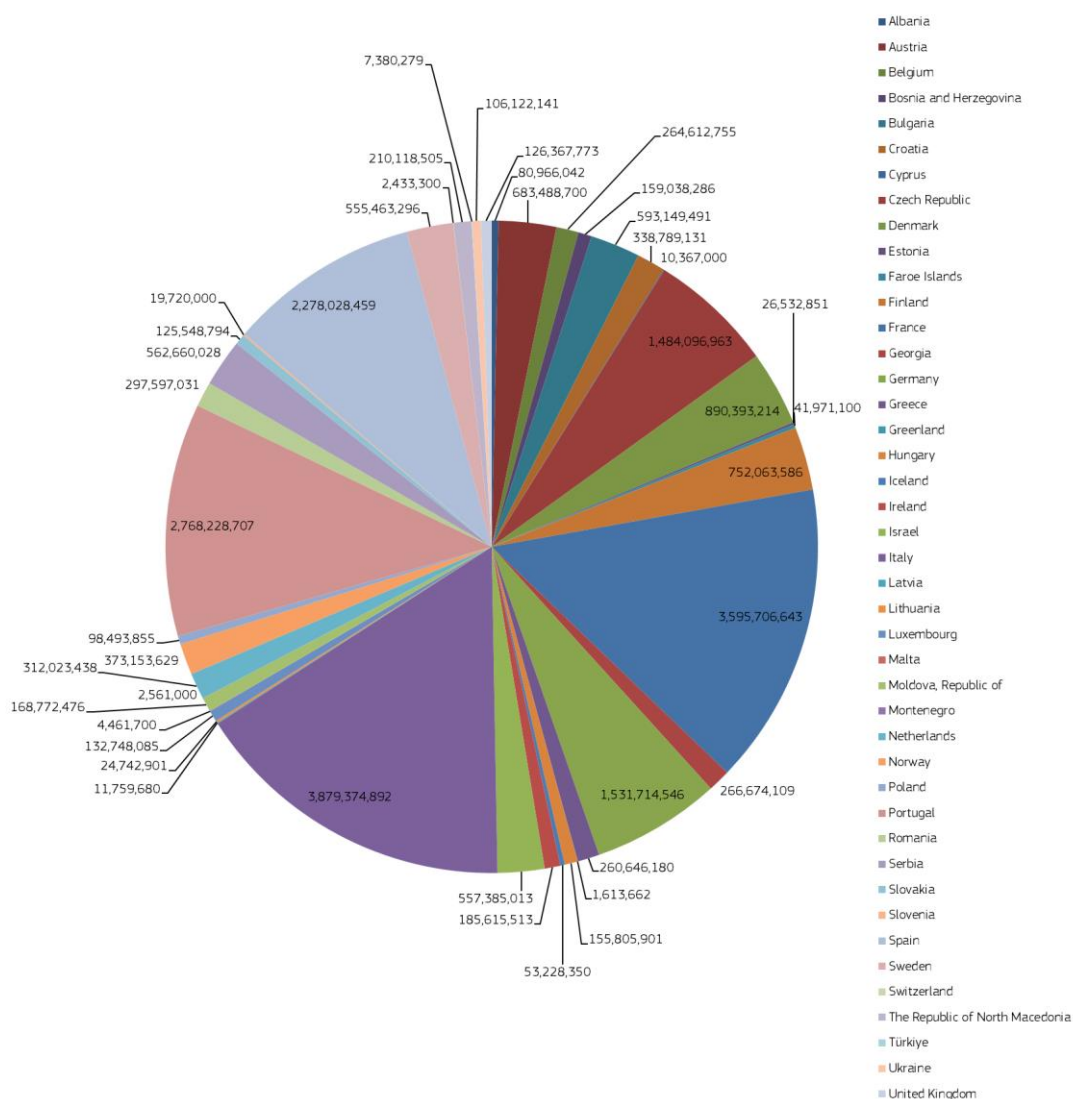
As at 31/12/2022, the InnovFin SME Guarantee already contributed to provide EUR 24 002 million of financing to 37 086 final recipients, accounting for an estimated EUR 33 602 million investment amount. For the period 2014-2020, before EFSI additional support, the target was to mobilize a loan and lease volume of approximately EUR 9.5 billion in support of 30.000 innovative companies and their R&I investment.

The successful roll-out of InnovFin SMEG continued in 2022, also thanks to the additional risk bearing capacity available from the SME Window of EFSI.

### **Geographical diversification**

InnovFin SME Guarantee is implemented in 27 Member States and 16 Associated Countries or UK to Horizon 2020. The chart below shows how the EUR 24 billion in financing is distributed by country.





## Main issues for the implementation

It will be crucial for the implementation of the InnovFin SME Guarantee to attract a sufficient number of financial intermediaries (banks and guarantee institutions) as risk-sharing partners of the EIF and loan providers to final recipients. In this context, the fees charged to financial intermediaries need to reflect the risk taken at EU level while, at the same time, offering risk-sharing and capital relief for financial intermediaries. The contractual arrangements between the European Commission (represented by DG RTD) and the EIF allow for flexibility as regards product development for the period 2014-2020.

## Performance, financing and investments

Key figures (EUR)	Actual	Target
EU Contribution committed <sup>61</sup>	2,680,914,300	2,030,000,000
Leverage effect	8.95	9.00
Multiplier effect	12.53	12.60
Operations	190	220
Financing provided to final recipients	24,001,619,006	18,270,000,000

<sup>61</sup> Including EUR 1,400,000,000 from EFSI. Not including EUR 21,856,917 for the SME Initiative.

Key figures (EUR)	Actual	Target
Number of final recipients	37,086	42,000
Investments made by final recipients due to the received financing	33,602,266,608	25,578,000,000

## Financial Information

Financial Information (EUR)	SMEs & Small Midcaps R&I Loans Service under Horizon 2020 (InnovFin SME Guarantee)		
Type of instrument (loan, guarantee, equity, blending, other)	Guarantee		
Year of inception	2014		
Implementing Partner	EIF		
	Notes	2022	All years
<b>EU Contribution</b>	<b>(1)</b>		
Budgetary commitments	<b>(2)</b>	0.00	1,302,771,217.04
<i>of which from third countries</i>		0.00	8,222,578.00
<i>of which from reflows</i>		0.00	113,609,627.00
Budgetary payments	<b>(3)</b>	0.00	1,294,304,843.04
<b>Reflows</b>	<b>(4)</b>		
Revenues		3,650,161.90	29,542,369.88
Repayments		0.00	0.00
Total reflows entered into the budget, of which:		3,650,161.90	29,542,369.88
<i>to the general budget</i>		0.00	0.00
<i>returned to be used</i>		3,650,161.90	29,542,369.88
<b>Losses from operations</b>			
<b>Guarantees</b>			
Guarantees called		116,261,150.00	354,492,696.61
Guarantee calls recovered		9,125,364.00	26,738,077.00
<b>Equities</b>			
Realised losses		0.00	0.00
<b>Loans</b>			
Write offs		0.00	0.00
<b>Management fees and other charges</b>			
Administrative fees		243.00	36,477,835.00
Incentive fees		28,122,722.00	164,391,486.00
Treasury management fees		463,721.00	3,241,221.00
Other charges		0.00	33,797.00
<b>Revenues</b>			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		19,214.00	328,007.00
Net treasury result (including interest) (gains (+) / losses (-))		-45,998,236.00	-33,660,550.40
Net FX gains (+) / losses (-)		-2,105,460.00	-2,337,896.85
Other revenues		29,999.00	30,092.00

	Notes	2022	2021
<b>Risk exposure</b>			
Maximum financial risk exposure		782,925,154.00	870,988,028.00
Value of equity investments		0.00	0.00
<i>Investment at cost</i>		0.00	0.00
Value of loans		0.00	0.00
<i>Loans at cost</i>		0.00	0.00
Financial liabilities and provisions		345,652,470.00	341,430,619.00
<b>Assets under treasury management</b>			
Balance in the fiduciary bank account (including short term deposits <3months)		82,240,303.00	99,326,852.00
<i>in euro</i>		7,275,754.00	17,214,642.00
<i>in non-euro currencies</i>		74,964,549.00	82,112,210.00
Other financial assets (including short term deposits >3months)		651,486,671.20	801,635,098.20

### Notes to the financial information

- (1) The financial envelope available is composed of the amounts committed towards the InnovFin SMEG for the years 2014-2020 in line with the amounts allocated towards the InnovFin SMEG in 2014-2020 as set out in the Horizon 2020 work programmes (as adopted). At the end of 2020, all commitment appropriations as authorised by the European Parliament and the Council of the EU for the period 2014-2020 were used in line with the planned operational implementation. The InnovFin SMEG has a rather accelerated budgetary implementation ratio, with a 99 % budgetary execution rate of payments in comparison to commitments as of 31 December 2022. It is expected that at the beginning of 2024 the budgetary implementation ratio would reach 100%, i.e., payment appropriations would match almost in full commitment appropriations.
- (2) Including EUR 21,856,917 for the SME Initiative.
- (3) Including EUR 21,856,917 for the SME Initiative.
- (4) In line with Article 35(1) of the InvestEU Regulation, 2022 reflows in the amount of EUR 3,650,161.90 and 2021 reflows in the amount of EUR 5,877,138.9 were assigned to InvestEU.

### Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

N/A

## 4.4 Equity Facility (early-stage capital) for Research and Innovation of Horizon 2020 (InnovFin Equity)

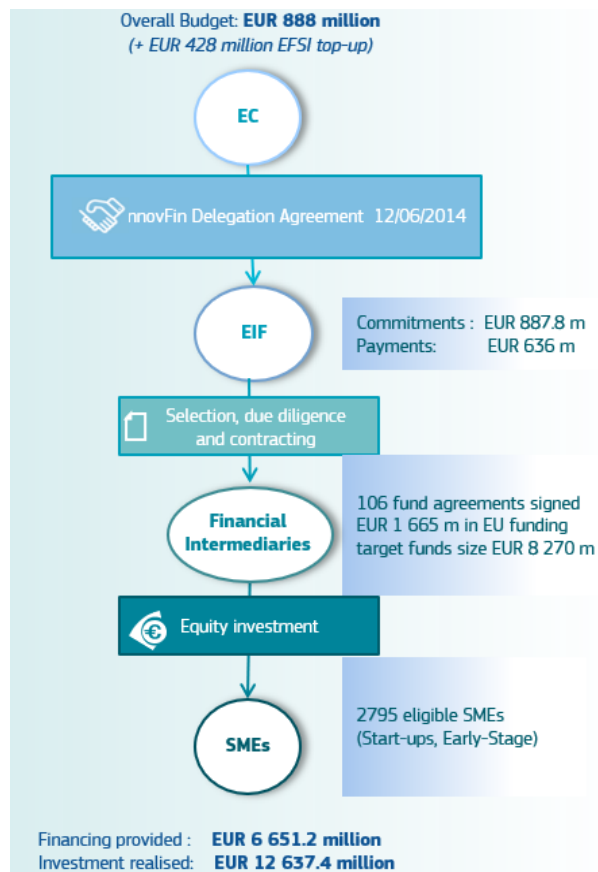
### Description

Identification / Reference to the basic act			
Regulation (EU) No 1291/2013 of the European Parliament and of the Council of 11 December 2013 establishing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020).			
Regulation (EU) No 1290/2013 of the European Parliament and of the Council of 11 December 2013 laying down the rules for participation and dissemination in "Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020)".			
Council Decision 2013/743/EU of 3 December 2013 establishing the specific programme implementing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020).			
Budget lines			
02.029903			
(EUR)	2022	2023	2024
Budgetary commitment appropriations	0.00	0.00	0.00
Budgetary payment appropriations	0.00	70,000,000	80,000,000

Initial financial envelope:	EUR 495,000,000
Current financial envelope:	EUR 887,805,268
Overall financial envelope:	EUR 887,805,268

### General description



The InnovFin Equity facility succeeds and refines the GIF scheme under CIP and is part of a single equity financial instrument supporting the growth of enterprises and their R&I activities. It is designed to improve access to risk finance by early-stage R&I-driven SMEs and small midcaps through supporting early-stage risk capital funds that invest, on a predominantly cross-border basis, in individual enterprises

### Duration

It is planned to last until 31 December 2042 (until the last operations are wound down)

### Added value, final recipients and projects

In terms of Union added value, the InnovFin Equity facility complements national and regional schemes that cannot cater for cross-border investments in R&I. The early-stage deals have a demonstration effect that can benefit public and private investors across Europe. For the growth stage, it is only possible to achieve the necessary scale and strong participation of private investors that are essential to the functioning of a self-

sustaining venture capital market at European level.

Financial intermediaries (FIs), selected by the entrusted entity (EIF) for the implementation of financial instruments may include private or governmental / semi-governmental financial institutions as well as national and regional public / investment banks.

The EIF manages equity investments into risk-capital funds, while investing in a wide range of FIs, including those cooperating with business angels. The funds concerned make venture capital (VC) and quasi-equity (including mezzanine capital) early-stage investments in enterprises, which are likely to be mainly SMEs. In the case of multistage funds (i.e., covering both early- and growth-stage investments), funding can be provided pro rata from this facility and COSME programme's Equity Facility for Growth (EFG).

Eligible final recipients are SMEs and Small Midcaps located in Member States or in Associated Countries to Horizon 2020. The COSME's EFG complements this facility, which, with a set of accompanying measures, supports Horizon 2020 policy objectives.

InnovFin Equity is a demand-driven facility, with no prior allocations between sectors, countries, or regions. However, the Commission incentivises EIF via a performance indicator to ensure that a proportion of final recipients are eco-innovative SMEs and Small Midcaps. R&I-driven SMEs or Small Midcaps wishing to apply for an investment should contact one or more of the funds in the EIF portfolio.

### **Financial institutions involved in implementation**

The EIF is the entrusted entity for the InnovFin Equity facility.

## **Operational Performance**

### **Contribution to the achievement of the objectives of the programme**

At the end of 2022, InnovFin Equity has a commitment towards 106 funds for a total amount of EUR 1 583 million. Out of the 106 funds, 91 agreements relate to pure early-stage funds, 12 agreements relate to multi-stage funds, in combination with the COSME Equity facility for growth and 3 with Funds of Funds in the frame of VentureEU.

Out of the EUR 1 583 million commitments towards 106 funds, which included conditional commitments, EUR 1 583 million have already been signed.

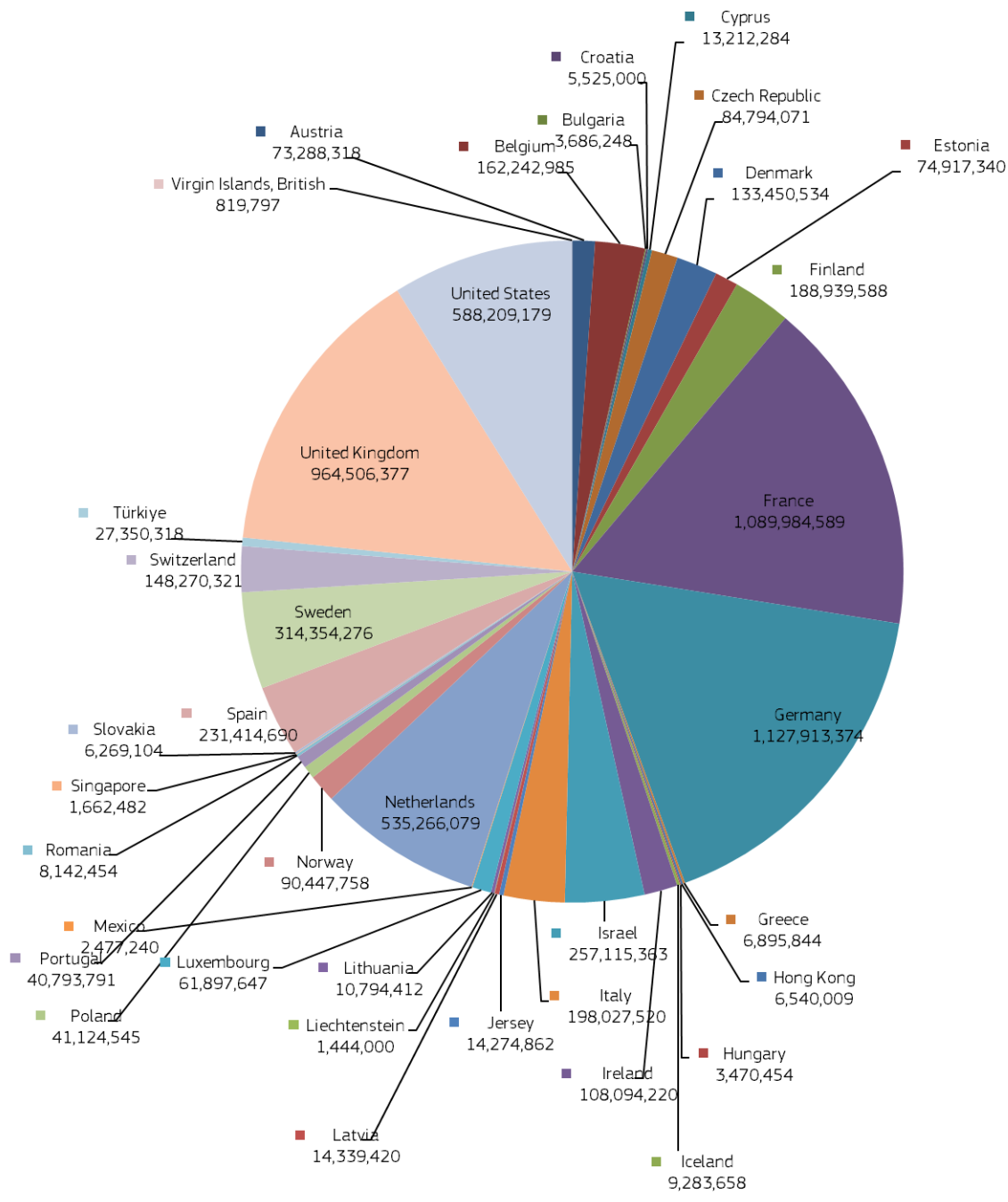
These funds have invested in 2 795 eligible final recipients operating in 31 Member States, associated countries to Horizon 2020 or the United Kingdom.

An additional implementation mechanism in the form of the Pan-European VC Funds-of-Funds project has been put in place in February 2017. This compartment is branded as Venture EU. Agreements have been signed with 3 funds of funds as of 31/12/2022.

An additional implementation mechanism branded the Recovery Equity Facility for Innovative Technology companies (RE-FIT) aims at mitigating the increased cash burn caused by the COVID-19 crisis by providing IFE Financial Intermediaries with a top up investment capacity necessary to support their portfolio companies that otherwise would be left in the short term without further support. As of 31/12/2022, the EIF signed 6 agreements with IFE Financial Intermediaries based in 5 Member States and 1 associated country, for an amount of EUR 82 million. 22 investments were made into RE-FIT Final Recipients for an amount of EUR 22 million.

### **Geographical diversification**

As of 31/12/2022 106 commitments to funds have been signed with VC, BA, TT funds and Funds of funds established in 19 Member States and 4 Associated Countries or UK to Horizon 2020. The chart below shows how EUR 6 651 million invested in IFE eligible recipients is distributed by country.



### Main issues for the implementation

The InnovFin Equity facility facilitates the availability of equity finance for early-stage investments and boosts the development of the EU venture capital market. During the technology transfer and start-up phases, new companies face a 'valley of death' where public research grants stop, and it is not possible to attract private finance. Public support aiming to leverage private seed and start-up funds to fill this gap is currently too fragmented and intermittent, or its management lacks the necessary expertise. Moreover, most venture capital funds in Europe are too small to support the continued growth of innovative companies and lack the critical mass to specialize and operate transnationally.

Specific support actions such as information and coaching activities for SMEs should be provided. Regional authorities, associations, SMEs chambers of commerce and relevant FIs may be consulted on the programming and implementation of these activities.

Regarding conditional closings, despite EIF's firm commitment to invest into a fund it may be that fund managers fail to raise the required additional private and public funding to reach the first closing of a fund

## Performance, financing and investments

Key figures (EUR)	Actual	Target
EU Contribution committed	887,805,268	887,805,268
Leverage effect	7.49	6.00
Multiplier effect	14.23	11.40
Operations	106	120
Financing provided to final recipients	6,651,240,153	5,326,831,608
Number of final recipients	2,795	3,600
Investments made by final recipients due to the received financing	12,637,356,291	10,120,980,055

## Financial Information

Financial Information (EUR)	Equity Facility (early-stage capital) for Research and Innovation of Horizon 2020 (InnovFin Equity)		
	Notes	2022	All years
Type of instrument (loan, guarantee, equity, blending, other)		Equity	
Year of inception		2015	
Implementing Partner		EIF	
<b>EU Contribution</b>	<b>(1)</b>		
Budgetary commitments		0.00	887,805,268.00
<i>of which from third countries</i>		0.00	16,002,413.05
<i>of which from reflows</i>		0.00	115,350,843.10
Budgetary payments		0.00	736,014,579.82
<b>Reflows</b>	<b>(2)</b>		
Revenues		1,280,394.63	7,109,931.17
Repayments		0.00	0.00
Total reflows entered into the budget, of which:		1,280,394.63	7,109,931.17
<i>to the general budget</i>		0.00	0.00
<i>returned to be used</i>		1,280,394.63	7,109,931.17
<b>Losses from operations</b>			
<b>Guarantees</b>			
Guarantees called		0.00	0.00
Guarantee calls recovered		0.00	0.00
<b>Equities</b>			
Realised losses		0.00	0.00
<b>Loans</b>			
Write offs		0.00	0.00
<b>Management fees and other charges</b>			



Administrative fees		0.00	24,177,460.00
Incentive fees		2,351,750.00	23,762,800.00
Treasury management fees		276,560.00	1,655,906.00
Other charges		1.00	20,765.60
<b>Revenues</b>			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		8,658,785.00	8,658,785.00
Net treasury result (including interest) (gains (+) / losses (-))		-17,890,330.00	-16,815,125.40
Net FX gains (+) / losses (-)		1,368,303.00	1,759,995.00
Other revenues		5,813.00	13,793.00
	<b>Notes</b>	<b>2022</b>	<b>2021</b>
<b>Risk exposure</b>			
Maximum financial risk exposure		955,563,116.46	795,027,081.00
Value of equity investments		573,561,519.46	380,380,316.46
	<i>Investment at cost</i>	415,135,112.46	308,639,758.46
Value of loans		0.00	0.00
	<i>Loans at cost</i>	0.00	0.00
Financial liabilities and provisions		0.00	0.00
<b>Assets under treasury management</b>			
Balance in the fiduciary bank account (including short term deposits <3months)		55,010,103.00	77,164,434.00
	<i>in euro</i>	12,146,653.00	19,701,655.00
	<i>in non-euro currencies</i>	42,863,450.00	57,462,779.00
Other financial assets (including short term deposits >3months)		217,436,217.00	310,965,931.00

### Notes to the financial information

- (1) The InnovFin Equity Facility for Research and Innovation has a rather fast budgetary implementation ratio, i.e., 82% budgetary execution rate of payments in comparison to commitments as of 31 December 2022
- (2) In line with Article 35(1) of the InvestEU Regulation, 2022 reflows in the amount of EUR 1,280,394.63 and 2021 reflows in the amount of EUR 2,564,956.67 were assigned to InvestEU.

### Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

N/A



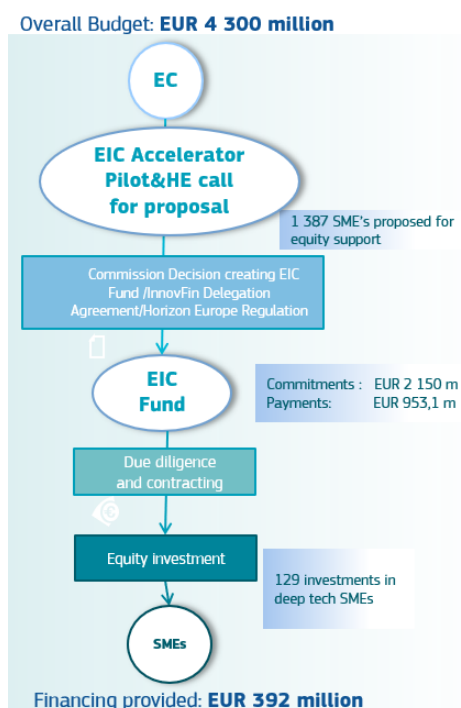
## 4.5 European Innovation Council Fund (EIC Fund)

### Description

Identification / Reference to the basic act			
<p>Regulation (EU) No 1291/2013 of the European Parliament and of the Council of 11 December 2013 establishing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020) (OJ L 347/104, 20.12.2013)</p> <p>Regulation (EU) No 1290/2013 of the European Parliament and of the Council of 11 December 2013 laying down the rules for participation and dissemination in ""Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020)"" (OJ L 347/81, 20.12.2013)</p> <p>Council Decision 2013/743/EU of 3 December 2013 establishing the specific programme implementing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020) (OJ L 347/965, 20.12.2013).</p> <p>Regulation (EU) 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination, and repealing Regulations (EU) No 1290/2013 and (EU) No 1291/2013, and in particular Article 46, 48 and 57 thereof.</p> <p>Council Decision 2021/764/EU of 10 May 2021 establishing the Specific Programme implementing Horizon Europe – the Framework Programme for Research and Innovation, and repealing Decision 2013/743/EU, and in particular Article 11(3) and section 1.1.2 of Pillar III part of Annex I thereof</p>			
Budget lines			
02.029903 and 01.020301			
(EUR)	2022	2023	2024
<b>Budgetary commitment appropriations</b>	790,000,000	750,000,000	600,000,000
<b>Budgetary payment appropriations</b>	400,000,000	350,000,000	400,000,000

Initial financial envelope:	EUR 4,300,000,000
Current financial envelope:	EUR 2,150,000,000
Overall financial envelope:	EUR 2,150,000,000

### General description



The EIC Fund is a breakthrough initiative of the European Commission (EC). It aims to fill a critical financing gap in the technology transfer (TT) market: the fact that despite the channelling of significant amounts of grant funding to research projects in Europe by EC and national schemes, very few projects subsequently manage to attract equity-type financing and reach the commercialization stage.

The EIC Fund has been incorporated on 22 June 2020 and implements equity or quasi equity support to beneficiaries selected by the pilot call for proposal EIC Accelerator of Horizon 2020 and by the call for proposal EIC Accelerator of Horizon Europe.

In addition of the Pilot Horizon 2020 compartment, a second compartment for beneficiaries selected by the call for proposal EIC Accelerator of Horizon Europe has been created in the second quarter 2022.

Until October 2022 the investment decisions were taken by the EIC Fund Board upon recommendations from the Investment Committee. The EIB acted as investment adviser of the EIC Fund

and prepared the ground for investment recommendations of the Investment Committee to the EIC Fund Board.

A Commission decision adopted in the third quarter 2022 has restructured the implementation of the EIC Fund which is implemented for both EIC Accelerator H2020 pilot and Horizon Europe compartment through an Alternative Investment Fund Manager (AIFM). The EIB remains the investment adviser of the EIC Fund.

### **Duration**

The EIC Fund is set up with an unlimited duration.

### **Added value, final recipients and projects**

The EIC Fund provides patient capital in the form of equity or quasi-equity (which will be in most cases blended with a grant component) to EIC Final Recipient companies with potentially market-creating innovations (whether based on breakthrough disruptive technologies originating from research (deep-tech) or on social innovation), thereby contributing to bridge the gap between innovation and market take-up. The EIC Fund is the first EU intervention of its kind in direct equity-type investments (as mentioned above, in most cases, in combination with a grant component (blended finance)).

### **Financial institutions involved in implementation**

The EIC Fund is supported in its work by the EIB Group as its investment adviser.

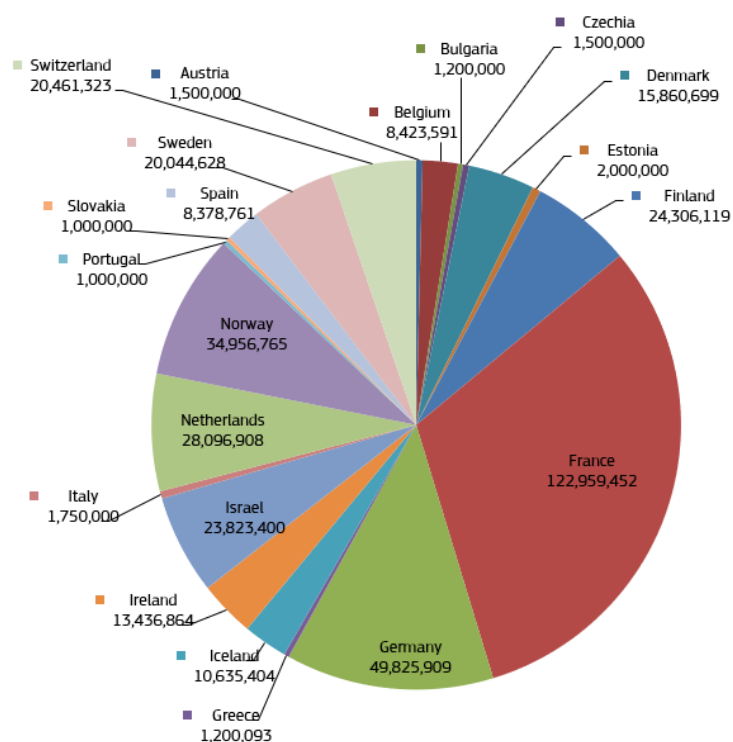
### **Operational Performance**

#### **Contribution to the achievement of the objectives of the programme**

EIC Accelerator support consist of EIC blended finance, a mix of grant and investment – in particular equity. By providing funding beyond the limited remits of usual grant mechanism and for the time necessary to diminish significantly technological, market and financial risks, the EU intends to attract co- or alternate investors and thus give more impact to its financial support. The EIC Accelerator is the first of its kind EU intervention in direct investment, in particular equity-type investments

#### **Geographical diversification**

The EIC fund has invested in 129 companies in 17 Member States and 4 Associated Countries



## Main issues for the implementation

Investments into selected beneficiaries of the Horizon Europe EIC Accelerator calls have been delayed until April 2022 due to a longer than expected process for the creation of the Horizon Europe compartment.

The main challenge of the EIC Fund lies in the close monitoring and active follow up of a very large portfolio of companies with the resources of the Fund manager and of the EIB as investment adviser.

## Performance, financing and investments

In the frame of the EIC Accelerator pilot call, 158 beneficiaries have been selected for a support through blended finance. As of end April 2023, 141 investment recommendations have been approved by the EIC Fund Board, 137 term sheets have been accepted by future invested companies and 105 investment agreements have been signed.

In the frame of the Horizon Europe EIC Accelerator call, 424 beneficiaries have been selected for a support through blended finance or equity only. As of end April 2023, 90 investment recommendations have been approved by the EIC Fund investment committee, 78 term sheets have been accepted by future invested companies and 24 investment agreements have been signed.

Key figures (EUR)	Actual	Target
EU Contribution committed	2,150,000,000	4,300,000,000
Leverage effect	0,18	1
Multiplier effect	0,90	5
Operations	129	650
Financing provided to final recipients	392,000,000	4,300,000,000
Number of final recipients	129	650
Investments made by final recipients due to the received financing	1,945,000,000	21,500,000,000

## Financial Information

Financial Information (EUR)	EIC Fund		
Type of instrument (loan, guarantee, equity, blending, other)	Equity		
Year of inception	2020		
Implementing Partner	EIC Fund		
	Notes	2022	All years
<b>EU Contribution</b>	<b>(1)</b>		
Budgetary commitments		1,160,677,531.00	1,854,411,430.00
<i>of which from third countries</i>		0.00	151,680,802.07
<i>of which from reflows</i>		0.00	453,196.37
Budgetary payments		425,000,000.00	953,100,000.00
<b>Reflows</b>	<b>(2)</b>		
Revenues		0.00	0.00
Repayments		0.00	0.00
Total reflows entered into the budget, of which:		0.00	0.00
<i>to the general budget</i>		0.00	0.00
<i>returned to be used</i>		0.00	0.00
<b>Losses from operations</b>			
<b>Guarantees</b>			
Guarantees called		0.00	0.00
Guarantee calls recovered		0.00	0.00
<b>Equities</b>			
Realised losses		0.00	0.00
<b>Loans</b>			
Write offs		0.00	0.00
<b>Management fees and other charges</b>			
Administrative fees		8,892,238.00	27,859,022.00
Incentive fees		0.00	0.00
Treasury management fees		0.00	0.00
Other charges		4,946,735.00	12,137,973.32
<b>Revenues</b>			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		742,810.00	742,810.00
Net treasury result (including interest) (gains (+) / losses (-))		2,436,215.00	2,053,724.00
Net FX gains (+) / losses (-)		0.00	69.00
Other revenues		597,921.00	1,936,337.00
	Notes	2022	2021
<b>Risk exposure</b>			
Maximum financial risk exposure		421,861,671.68	306,674,354.68
Value of equity investments		274,266,603.68	172,560,466.68
<i>Investment at cost</i>		289,589,089.68	173,993,200.68
Value of loans		0.00	0.00

	<i>Loans at cost</i>		0.00	0.00
Financial liabilities and provisions			0.00	0.00
<b>Assets under treasury management</b>				
Balance in the fiduciary bank account (including short term deposits <3months)			69,262.00	275,594,182.00
		<i>in euro</i>	69,262.00	275,594,182.00
		<i>in non-euro currencies</i>	0.00	0.00
Other financial assets (including short term deposits >3months)			229,480,169.00	69,276,757.00

### Notes to the financial information

- (1) The EIC Fund has a quick implementation rate in terms of payments. However, delays can occur between signature of the term sheet by the target investee company and signature of the investment agreement itself due to a condition precedent of a matching co-investor in most cases.
- (2) No reflows since inception.

### Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

N/A

## 4.6 Cultural and Creative Sectors Guarantee Facility (CCS GF)

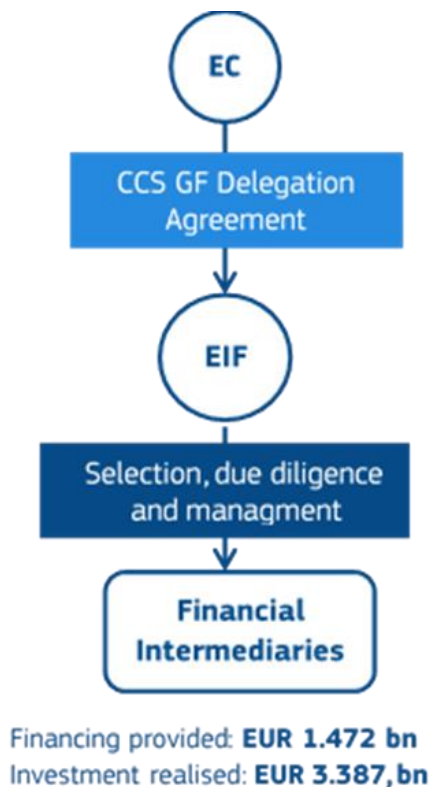
### Description

Identification / Reference to the basic act			
Regulation (EU) No 1295/2013 of the European Parliament and of the Council of 11 December 2013 establishing the Creative Europe Programme (2014 to 2020) and repealing Decisions No 1718/2006/EC, No 1855/2006/EC and No 1041/2009/EC			
Budget lines			
02.029908 (15 04 01)			
(EUR)	2022	2023	2024
<b>Budgetary commitment appropriations</b>	0.00	0.00	0.00
<b>Budgetary payment appropriations</b>	14,807,132	30,729,050	18,616,496

Initial financial envelope:	EUR 122,892,282
Current financial envelope <sup>62</sup> :	EUR 252,892,282
Overall financial envelope:	EUR 252,892,282

### General description

Part of the Creative Europe Programme (2013-2020), the Cultural and Creative Sectors Guarantee Facility (CCS GF) is a financial instrument under which the European Commission through the European Investment Fund (EIF) provides guarantees and counter-guarantees on debt financing to Financial Intermediaries in order to improve access to finance to SMEs and organisations from cultural and creative sectors (CCS).



### Duration

The CCS GF implementation has been running since July 2016, when the Delegation Agreement with the EIF was signed.

The implementation period ended on 31 December 2020. Termination date for the EU Guarantee coverage is set for 31/12/2034.

### Added value, final recipients and projects

The Cultural and Creative Sectors Guarantee Facility has been one of the main innovations and biggest successes of Creative Europe since its launch in 2016. As a market-led financial instrument, it has widened the range of support available and tapped into new, greater sources of funding by reaching out to the financial sector, thus enabling investment and growth. Traditionally in Europe, banks and other lending institutions perceived the cultural and creative sectors as being high-risk, and

<sup>62</sup> This amount includes a top-up of EUR 130 million from EFSI.

therefore even profit-oriented CCS companies found it difficult to obtain a loan. As the CCS organisations could not fully diversify their funding structure, they became more reliant on the support from the public side in the form of grants. In order to increase access to debt financing the CCS Guarantee Facility (CCS GF) was introduced. It reduces the financial institutions' risk by providing guarantees and counter-guarantees as well as a training programme for financial institutions interested in making use of the facility (capacity building).

Through the CCS GF, Financial Intermediaries selected by the EIF can provide additional debt financing to SMEs in Participating Countries. To target the knowledge gap between the financiers and the CCS companies, this action also provides technical assistance/ capacity building to the financial institutions wanting to build dedicated portfolios of loans targeting the CCS. This supports the further fine-tuning of financing products that are more suited to the specificities of CCS business.

This add-on feature of the support has been proven as an extra incentive for the uptake of the CCS GF by financial institutions and has resulted in an increase in the number of financial intermediaries working with cultural and creative SMEs.

DG CNECT in cooperation with DG EAC oversee implementation of the CCS GF. The Guarantee Facility is managed by the European Investment Fund (EIF) in line with the provisions of the Delegation Agreement.

### **Financial institutions involved in implementation**

The EIF is the entrusted entity for the implementation of the CCS GF.

## **Operational Performance**

### **Contribution to the achievement of the objectives of the programme**

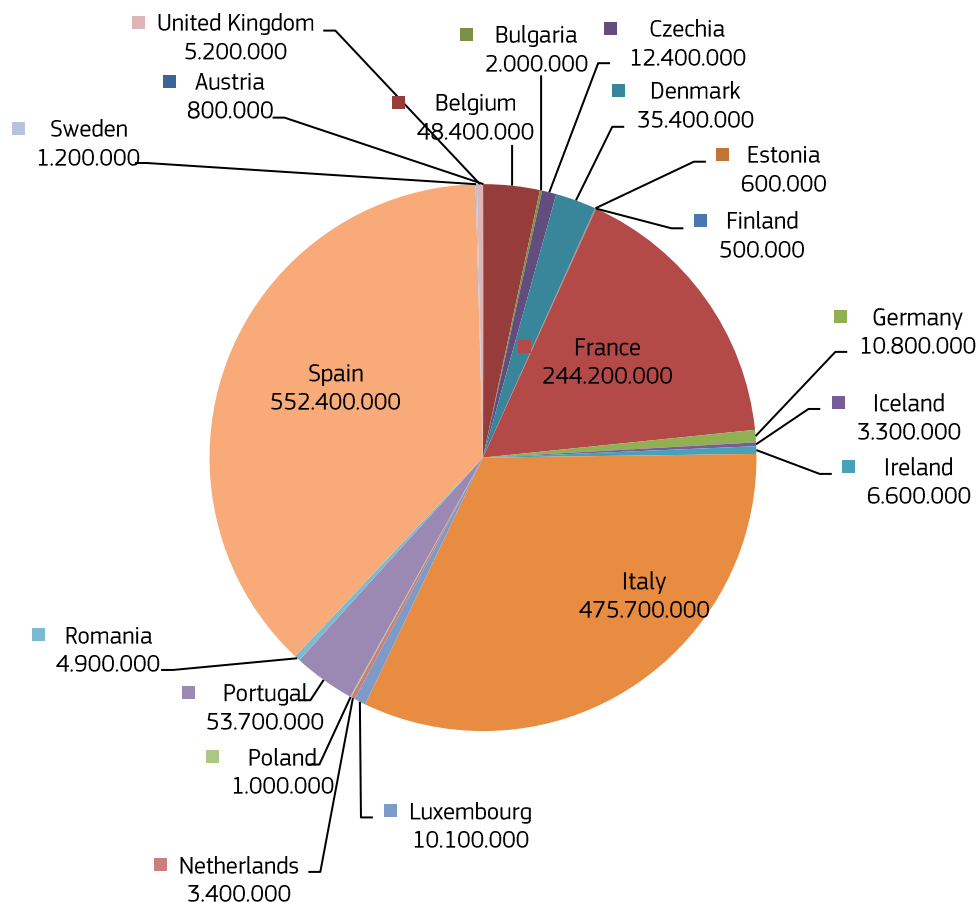
The CCS GF was launched in July 2016 as the first financial instrument specifically targeting the cultural and creative enterprises. A total budgetary appropriation for CCS GF equalled to EUR 252.8 million (EUR 122.8 million from Creative Europe budget and top-ups of EUR 130 million from EFSI) in the 2016-2020 period. The targeted leverage effect of CCS GF was initially set at 5.7, but in reality, reached a level of 12. To date CCS GF has mobilised EUR 3,4 billion of additional investment into the cultural and creative industries.

By the end of year 2022, 22 transactions with 21 Financial Intermediaries were signed. 8262 loans were granted to 6274 SMEs from creative sectors. The geographical availability of the CCS GF is also expanding quickly, as SMEs from 20 participating countries benefited from easier access to finance.

The loans guaranteed by the CCS GF are diversified in terms of size of enterprises, the geographical coverage as well as the sectorial distribution. Majority of support went to enterprises employing less than 10 persons. All cultural and creative sectors profited from the support, with the audiovisual sector being the biggest beneficiary, followed by performing arts, books and press, video games, visual art and other cultural domain.

Through the Capacity Building activities, the CCS GF helps financial intermediaries to better serve creative and cultural SMEs by providing high-level customised consultancy and support. Most of the financial intermediaries opted in for this tailor-made support delivered by CCS experts. In addition, capacity building helps promoting this source of finance through events, trade shows, publication of market studies or market research.

## Geographical diversification



## Main issues for the implementation

N/A

## Performance, financing and investments

Key figures (EUR)	Actual	Target
EU Contribution committed	252,892,282	122,892,282
Leverage effect	5.82	5.7
Multiplier effect	13.39	9.76
Operations	22	15
Financing provided to final recipients	1,472,535,262	700,000,000
Number of final recipients	8262	1700
Investments made by final recipients due to the received financing	3,387,247,563	1,200,000,000

## Financial Information

Financial Information (EUR)	Cultural and Creative Sectors Guarantee Facility (CCS GF)
Type of instrument (loan, guarantee, equity, blending, other)	Guarantee
Year of inception	2016
Implementing Partner	EIF



	Notes	2022	All years
<b>EU Contribution</b>			
Budgetary commitments		0.00	85,124,732.88
<i>of which from third countries</i>		0.00	0.00
<i>of which from reflows</i>		0.00	0.00
Budgetary payments		15,429,748.00	41,236,968.80
<b>Reflows</b>			
Revenues		0.00	0.00
Repayments		0.00	0.00
Total reflows entered into the budget, of which:		0.00	0.00
<i>to the general budget</i>		0.00	0.00
<i>returned to be used</i>		0.00	0.00
<b>Losses from operations</b>			
<b>Guarantees</b>			
Guarantees called		3,127,097.00	5,222,600.00
Guarantee calls recovered		139,750.00	163,887.00
<b>Equities</b>			
Realised losses		0.00	0.00
<b>Loans</b>			
Write offs		0.00	0.00
<b>Management fees and other charges</b>			
Administrative fees		0.00	4,901,230.00
Incentive fees		0.00	2,472,307.00
Treasury management fees		48,451.00	151,017.00
Other charges		316,640.00	1,785,136.00
<b>Revenues</b>			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		5,602.00	5,602.00
Net treasury result (including interest) (gains (+) / losses (-))		934,225.00	1,262,638.00
Net FX gains (+) / losses (-)		-209,380.00	-974,941.00
Other revenues		0.00	0.00
	Notes	2022	2021
<b>Risk exposure</b>			
Maximum financial risk exposure		105,817,666.00	110,450,216.66
Value of equity investments		0.00	0.00
<i>Investment at cost</i>		0.00	0.00
Value of loans		0.00	0.00
<i>Loans at cost</i>		0.00	0.00
Financial liabilities and provisions		60,217,417.00	110,101,348.00
<b>Assets under treasury management</b>			
Balance in the fiduciary bank account (including short term deposits <3months)		62,557,891.00	47,488,062.00
<i>in euro</i>		32,975,829.00	18,161,240.00

<i>in non-euro currencies</i>		29,582,062.00	29,326,822.00
Other financial assets (including short term deposits >3months)		2,303,165.00	4,598,576.00

**Notes to the financial information**

N/A

**Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years**

N/A

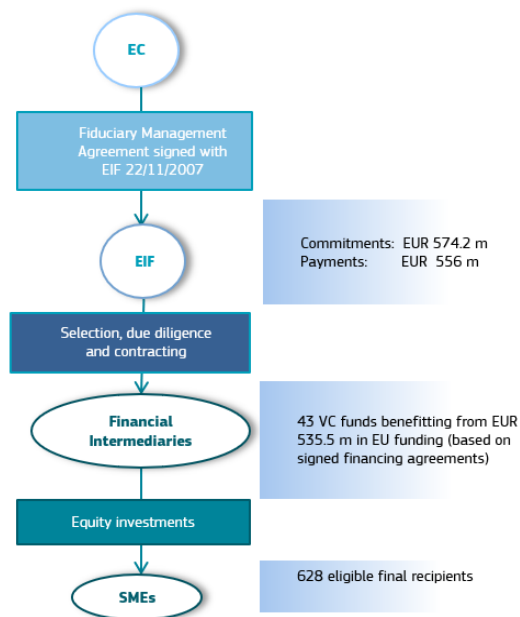
## 4.7 SME Guarantee Facility (SMEG07) under the Competitiveness and Innovation Framework Programme (CIP) - CIP SMEG 07

### Description

Identification / Reference to the basic act			
Decision No 1639/2006/EC of the European Parliament and of the Council of 24 October 2006 establishing a Competitiveness and Innovation Framework Programme (2007 to 2013) (OJ L 310/15, 9.11.2006, p.15).			
Budget lines			
02 02 99 01			
(EUR)	2022	2023	2024
<b>Budgetary commitment appropriations</b>	0.00	0.00	0.00
<b>Budgetary payment appropriations</b>	9,700,000	7,800,000	7,800,000

Initial financial envelope:	EUR 506 million <sup>63</sup>
Current financial envelope:	EUR 511 million <sup>64</sup>
Overall financial envelope:	EUR 523.1 million <sup>65</sup>

### General description



Financing provided: **EUR 1 702.2 m**  
 Investment realised: **EUR 4 255.5 m**

### Duration

Last budgetary commitment: 31/12/2013. End of agreements' signing period: 30/9/2014.

<sup>63</sup> Initial voted commitments.

<sup>64</sup> Including increase/decrease in budget commitments from 2008 to 2021, ending up with a current envelope in amount of 510 982 223 EUR without additional resources.

<sup>65</sup> With additional resources.

## Financial institutions involved in implementation

Policy DG (Directorate General) in charge: DG GROW, with DG ECFIN for the design of the instruments

Implementing DG in charge: DG ECFIN

Implementing Partner in charge: EIF (European Investment Fund)

## Added value, final recipients and projects

### Implementation cycle

SMEG 07 is operated by the EIF under a 2007 Fiduciary and Management Agreement (FMA). Until 2013 the EIF was responsible for identifying, evaluating, and selecting Financial Intermediaries ('FIs') according to the FMA's Guarantee Policy.

ECFIN (the Designated Service in the Commission) was actively involved in the FI approval processes. Each deal needed approval of the Commission and the EIF's Board of Directors. The Commission will continue its monitoring and reporting obligations until the wind-down of the facility (estimated 2026).

### Added value

Thanks to SMEG 07, financial intermediaries either provide more financing to SMEs, or extend their financing to riskier and previously not serviced segments of vulnerable SMEs, such as start-ups, young companies and companies lacking sufficient collateral.

## Operational Performance

### Contribution to the achievement of the objectives of the programme

As at 31/12/2022<sup>66</sup> SMEG 07 consisted of 64 guarantee agreements with 50 active Financial Intermediaries from 23 countries for a total amount guaranteed of EUR 6,897 million (and a total of EUR 478.1 million guarantee cap amount from the Union budget for direct and counter-guarantees).

Until 31/12/2022, SMEG achievements under CIP were as follows:

- Guarantee agreements: 64
- Eligible recipients (SMEs) achieved: 384 679
- Eligible final recipients (SMEs) initially targeted: 315 000
- Loans achieved: 467 566
- Employees at eligible final recipients (SMEs) at inclusion date: 1 341 629
- Jobs created or maintained<sup>67</sup>: 384 679
- Total financing achieved: EUR 20,994.1 million
- Total financing expected<sup>68</sup>: EUR 22,942.9 million
- Total investment realized<sup>69</sup>: EUR 30,326.9 million

<sup>66</sup> Note: as from 2022, the Facility contains fewer active agreements/intermediaries than in the previous year, due to the (natural) termination of the underlying agreements along time. The present report reflects the situation and exposure for the EU budget as at 31/12/2022, not the total operations provided under the Facility since inception.

<sup>67</sup> Estimate based on the methodology outlined in the 2011 Final Evaluation of the Entrepreneurship and Innovation Programme (1 job for each SME supported by the facility)

<sup>68</sup> i.e. : target financing volume ("estimated financing guaranteed"), source: EIF's Q4 Quarterly report dated 31/12/2022

For 2007-2022, EUR 1,065.7 million of commitment appropriations were made available for the CIP financial instruments, of which EUR 511 million for SMEG<sup>70</sup>. The appropriations were fully committed.

Regarding the payments appropriations for 2007-2022, out of the EUR 975.3 million made available for the CIP financial instruments, EUR 438.8 million were paid to the SMEG fiduciary account, managed by the EIF on behalf of the Commission<sup>71</sup>. Funds are drawn down from the fiduciary account as and when defaults occur under SMEG.

As at 31/12/2022, SMEG 07 already contributed to provide nearly EUR 21 billion of financing to 384 679 SMEs through 467 566 loans<sup>72</sup>, accounting for more than EUR 30.3 billion investment. The corresponding

i) achieved financing leverage effect for CIP SMEG 07 at the level of entrusted entity (total loan volume received by the recipient SMEs / EU guarantee cap amount) is approx. 43,9<sup>73</sup> - meaning EUR 1 EU funding generated nearly EUR 44 loan for SMEs, and

ii) achieved multiplier effect is 63.4 (based on a total investment realised of EUR 30,326.9 million / EU guarantee cap amount) - meaning EUR 1 EU funding generated more than EUR 63 in investment at SME level.

The (expected) target financing leverage effect for signed operations (calculated as "Estimated SME financing" / EU guarantee cap amount) is nearly 48<sup>74</sup>.

Based on the financing and investment volumes supported so far (see details above), the CIP market-oriented instruments under both GIF and SMEG have shown high efficiency and relevance in addressing the difficulties faced by SMEs in getting access to finance from 2007 until now. The SMEG Facility is a counter-cyclical instrument and has helped final recipients to face difficulties arising from the economic conditions from 2007 until now, namely, to obtain or maintain access to finance and to create or maintain jobs over the period. Although the overall effect of EU programmes on SMEs' financing remains limited (by nature, EU intervention is limited to market gaps or sub-optimal market situations, meaning by far the largest part of financing is provided by banking and finance market players), the Facility did, however, make a very positive contribution to the development and sustainability of EU SMEs

## Geographical diversification

By the end 2022, the CIP SMEG 07 financing provided is broken down as follows:

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<sup>69</sup> Source: EIF's Q4 Quarterly report dated 31/12/2022

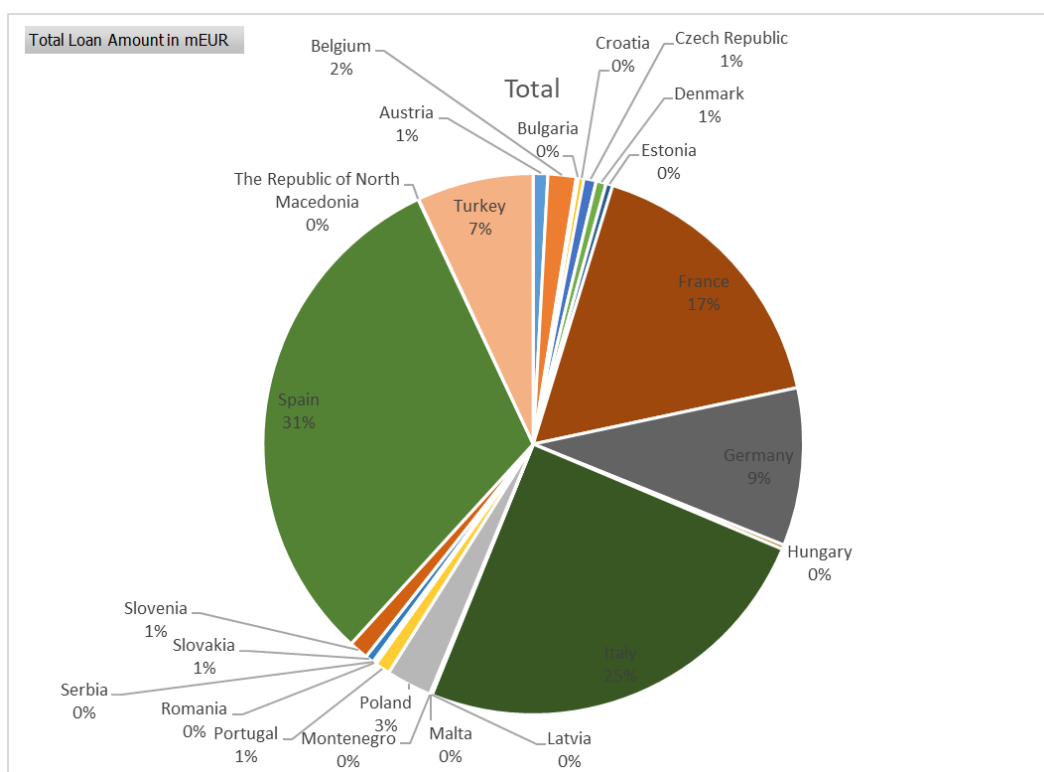
<sup>70</sup> Amounts without additional resources; including additional resources, the commitment appropriations were EUR 1,097.3 million for CIP out of which EUR 523.1 million for SMEG.

<sup>71</sup> Amounts without additional resources; including additional resources, the payment appropriations were EUR 1,006.9 million for CIP out of which EUR 450.9 million for SMEG.

<sup>72</sup> Source: EIF's Q4 Quarterly report dated 31/12/2022

<sup>73</sup> Source: EIF's Q4 Quarterly report dated 31/12/2022; total loan volume received by the recipient SMEs = EUR 20,994.1 million / EU guarantee cap amount = EUR 478.1 million

<sup>74</sup> Source: EIF's Q4 Quarterly report dated 31/12/2022; "Estimated SME financing" = EUR 22,942.9 million / EU guarantee cap amount = EUR 478.1 million



### Main issues for the implementation

The Facility is closed for new operations as from 30/9/2014 and the inclusion period for new loans into the supported portfolios is now finished as well. No specific implementation issues have been identified. However, the EIF guarantee duration is 10 years, so the portfolio is still impacted by guarantee calls, which undergo a systematic prior check before payment by the EIF, ending up sometimes with the rejection of the operation and/or of the beneficiary: this ensures that any effective payment under the facility is compliant with the EU provisions, and in turn this also accounts for some decrease in the figures (financing, loans, final beneficiaries, etc.) as reported under the section “Operational Performance” above.

The latest evaluations related to GIF and SMEG reiterated that their effectiveness has increased over time. In more detail, there have been improvements in monitoring systems at the level of both EIF and FIs involved in implementation which contributed to tracking comprehensively the performance of the instrument and thus allows for more effectively pursuing its policy objectives.

Besides, the relevance of the instrument as assessed by the recipient SMEs is significant:

- 46% stated that the EU financing scheme was their only option available to get financing,
- 18% of recipient SMEs stated that without the EU support they would have received only part of the funding needed,
- 42% of recipient SMEs stated that the EU support helped them to get additional finance and
- 64% of recipient SMEs stated that EU support was crucial to find the finance needed.

### Performance, financing and investments

Key figures (EUR)	Actual	Target
EU Contribution committed	478,100,000	478,100,000
Leverage effect	44	48

Key figures (EUR)	Actual	Target
Multiplier effect	63.4	67.2
Operations	64	64
Financing provided to final recipients	20,994,100,000	22,942,900,000
Number of final recipients	384,679	315,000
Investments made by final recipients due to the received financing	30,326,900,000	32,120,060,000

## Financial Information

Financial Information (EUR)	CIP SMEG 07		
Type of instrument (loan, guarantee, equity, blending, other)	SME guarantee		
Year of inception	2007		
Implementing Partner	EIF		
	Notes	2022	All years
<b>EU Contribution</b>			
Budgetary commitments		0.00	523,072,107.00
<i>of which from third countries</i>		0.00	22,748,338.00
<i>of which from reflows</i>		0.00	12,089,884.00
Budgetary payments		0.00	450,903,606.83
<b>Reflows</b>	(1)		
Revenues		780,258.96	42,179,543.00
Repayments		0.00	0.00
Total reflows entered into the budget, of which:		780,258.96	24,272,523.00
<i>to the general budget</i>		0.00	11,402,380.00
<i>returned to be used</i>		780,258.96	12,870,143.00
<b>Losses from operations</b>			
<b>Guarantees</b>			
Guarantees called		8,052,116.38	410,538,900.00
Guarantee calls recovered		6,254,476.67	59,798,814.67
<b>Equities</b>			
Realised losses		0.00	0.00
<b>Loans</b>			
Write offs		0.00	0.00
<b>Management fees and other charges</b>			
Administrative fees		504,000.00	23,089,550.00
Incentive fees		0.00	0.00
Treasury management fees		0.00	0.00
Other charges		9,585.00	1,487,459.59
<b>Revenues</b>			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		144,563.14	1,626,000.14
Net treasury result (including interest) (gains (+) / losses (-))		892,299.86	28,605,510.72

Net FX gains (+) / losses (-)		-297,600.90	-2,461,801.21
Other revenues		0.00	0.00
	Notes	2022	2021
<b>Risk exposure</b>			
Maximum financial risk exposure		128,130,818.00	133,356,992.00
Value of equity investments		0.00	0.00
	<i>Investment at cost</i>	0.00	0.00
Value of loans		0.00	0.00
	<i>Loans at cost</i>	0.00	0.00
Financial liabilities and provisions		17,583,033.00	38,055,199.00
<b>Assets under treasury management</b>			
Balance in the fiduciary bank account (including short term deposits <3months)		55,941,020.00	56,658,243.00
	<i>in euro</i>	36,208,426.00	35,584,333.00
	<i>in non-euro currencies</i>	19,732,594.00	21,073,910.00
Other financial assets (including short term deposits >3months)		0.00	0.00

## Notes to the financial information

- (1) Reflows until 31 December 2013 of EUR 12,089,884 have been used as additional resources for the programme. In line with Article 35(1) of the InvestEU Regulation, 2022 reflows in the amount of EUR 780,258.96 were assigned to InvestEU. 2021 reflows in the amount of EUR 3,019,799.47 were assigned to the Public Sector Loan Facility .

## Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

N/A



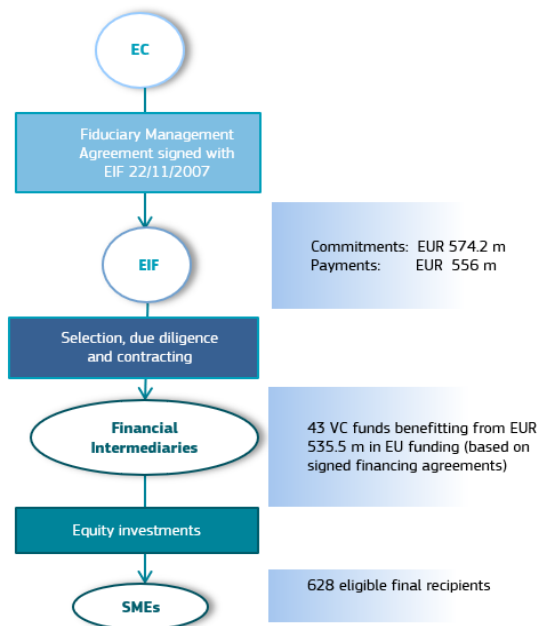
## 4.8 High Growth and Innovative SME Facility (GIF) under the Competitiveness and Innovation Framework Programme (CIP) - CIP GIF

### Description

Identification / Reference to the basic act			
Decision No 1639/2006/EC of the European Parliament and of the Council of 24 October 2006 establishing a Competitiveness and Innovation Framework Programme (2007 to 2013) (OJ L 310/15, 9.11.2006, p.15).			
Budget lines			
02.02 99 01			
(EUR)	2022	2023	2024
<b>Budgetary commitment appropriations</b>	0.00	0.00	0.00
<b>Budgetary payment appropriations</b>	9,700,000 <sup>75</sup>	7,800,000	7,800,000

Initial financial envelope <sup>76</sup> :	EUR 623 million
Current financial envelope <sup>77</sup> :	EUR 554.8 million
Overall financial envelope <sup>78</sup> :	EUR 574.2 million

### General description



Financing provided: **EUR 1 702.2 m**  
 Investment realised: **EUR 4 255.5 m**

GIF is implemented by the EIF on behalf of the Commission. The EIF provides EU venture capital investments on behalf of and at the risk of the Commission, under a 2007 Fiduciary and Management Agreement ('FMA'). The EIF was responsible for identifying, evaluating and selecting the Financial Intermediaries ('FI') in accordance with the FMA's Investment Policy. The EIF examined proposals based on a call for expression of interest. Investment proposals by FIs were selected based on a notice of implementation.

DG ECFIN (the Designated Service) was actively involved in the FI approval process. Each deal was to be approved by the EIF Board of Directors and the Designated Service. The Designated Service will continue its monitoring and reporting obligations until the wind-up of the facility (estimated 2026).

GIF 07 is part of the Entrepreneurship and Innovation Programme (EIP), one of the three specific

<sup>75</sup> The payment demands under CIP comprising SMEG07 and GIF are depending on external events outside the control of the implementing partner, namely guarantee calls and drawdowns by venture capital funds.

<sup>76</sup> Initial voted commitments, including the CBS programme reallocations (EUR 73 million).

<sup>77</sup> Including increase /decrease in budget commitments from 2008 to 2022 without additional resources.

<sup>78</sup> Including changes in budget commitments from 2008 to 2022. The initial split CIP budget between the GIF and SMEG instruments was only indicative. CIP's share of the SMEG instrument has increased in line with market needs, leading to a lower current overall programme budget for GIF.

programmes under the Competitiveness and Innovation Framework Programme (CIP).

Its objective is to improve access to finance for the start-up and growth of SMEs to support their investments in (eco-) innovation activities. GIF funds equity or quasi-equity to intermediaries, which then must provide long term equity or quasi-equity capital (including subordinated or participating loans and convertible bonds) to innovative SMEs. GIF therefore contributes to the establishment and financing of SMEs and the reduction of the equity financing gap (which prevents SMEs from exploiting their growth potential) and improves the European VC market. Moreover, it supports innovative SMEs with high growth potential, including in their cross-border expansion. Hence, GIF provided a critical lifeline of public support to the EU VC market during the crisis times in the late 2000s.

## **Duration**

Date of last budgetary commitment: 31/12/2013

Date of end of agreements' signing period: 30/9/2014

## **Added value, final recipients and projects**

The added value of the GIF instrument consists in addressing specific market needs, offering structuring input, and providing catalytic effects.

## **Financial institutions involved in implementation**

Policy DG in charge: DG GROW, with DG ECFIN for the design of the instruments

Implementing DG in charge: DG ECFIN

Implementing Partner in charge: EIF

## **Operational Performance**

### **Contribution to the achievement of the objectives of the programme**

Contribution to the objectives of the programme

By 31/12/2022 GIF consisted of 43 venture capital funds having invested EUR 1,702.2 million in eligible final recipients from 18 countries (based on a total EUR 535.5 million EU contribution committed to financial intermediaries<sup>79</sup>).

Until end 2022 GIF achievements under CIP were as follows:

- Financial intermediaries<sup>80</sup>: 43
- Final eligible recipients achieved<sup>81</sup>: 628
- Jobs created or maintained: 9,908<sup>82</sup>
- Total financing achieved<sup>83</sup>: EUR 1,702.2 million
- Total financing expected<sup>84</sup> : EUR 3,584.9 million

<sup>79</sup>“GIF net commitments”, source: EIF's Q4 Quarterly report with data as at 31/12/2022.

<sup>80</sup> Source: EIF's Q4 Quarterly report with data as at 31/12/2022.

<sup>81</sup> Source: EIF's Q4 Quarterly report with data as at 31/12/2022.

<sup>82</sup> Note: Employment Report as at 31/12/2012 (latest available).

<sup>83</sup> Source: EIF GIF Annual report 2022, table 8, “total amounts invested in eligible final beneficiaries”.

<sup>84</sup> i.e.: target financing volume (“Target Intermediary Size”, source: EIF's Q4 Quarterly report with data as at 31/12/2022).

- Total investment realised<sup>85</sup>: EUR 4,255.5 million

For 2007-2022, EUR 1,065.7<sup>86</sup> million of commitment appropriations were made available for the CIP financial instruments, of which EUR 554.8 million for GIF<sup>87</sup>. The appropriations were fully committed.

Regarding payments appropriations for 2007-2022, out of the EUR 975.3 million made available for the CIP financial instruments, EUR 536.5 million were paid to the GIF fiduciary account, managed by the EIF for the Commission<sup>88</sup>. Funds are paid from the fiduciary account when venture capital funds under GIF give a draw down notice.

Until 31/12/2022, the GIF already contributed to provide more than EUR 1.70 billion of financing to 656 final recipients<sup>89</sup> for an estimated investment amount over EUR 4 billion. The corresponding achieved financing leverage effect for CIP GIF at the level of the entrusted entity<sup>90</sup> is around 3,1<sup>91</sup> meaning 1 EUR EU funding generated more than 3 EUR financing into SMEs. The achieved multiplier effect is around 7,9 (based on a total investment realised of EUR 4 255.5 million / EU Contribution committed to financial intermediaries of EUR 535.5 million) - meaning EUR 1 EU funding generated approx. EUR 7.9 in investment at SME level.

The (expected) target financing leverage effect for signed operations<sup>92</sup> is estimated at around 6,7<sup>93</sup> for the entire duration of the programme.

Based on the financing and investment volumes supported so far (see above), the CIP market-oriented instruments under both GIF and SMEG have shown high efficiency and relevance in addressing SMEs' access to finance difficulties from 2007 until now. Although the overall effect of EU programmes on SMEs' financing remains limited (by nature, EU intervention is limited to market gaps or sub-optimal market situations, thus by far the largest part of financing is provided by banks and finance market players), CIP's GIF components contributed very positively to the development and sustainability of SMEs from 2007 until now.

## Geographical diversification

By the end of 2022, the GIF "Total financing achieved"<sup>94</sup> of EUR 1 702.2m breakdown per country was as follows:

<sup>85</sup> Source: proxy 2,5 on total financing achieved.

<sup>86</sup> This amount has been lowered in 2018-2022 by EUR 6 million decommitments.

<sup>87</sup> Including additional resources, the commitment appropriations were EUR 1,097.3 million for CIP out of which EUR 574.2 million for GIF.

<sup>88</sup> Including additional resources, the payment appropriations were EUR 1,006.9 million for CIP and EUR 556 million for GIF.

<sup>89</sup> This is the total number of Final Recipients supported through the programme (source: EIF's Q4 quarterly report with data as at 31/12/2022). Out of those, 628 are Eligible Final Recipients. The VC funds supported may address non-eligible FBs as well as eligible, but EU finances only eligible FBs out of those.

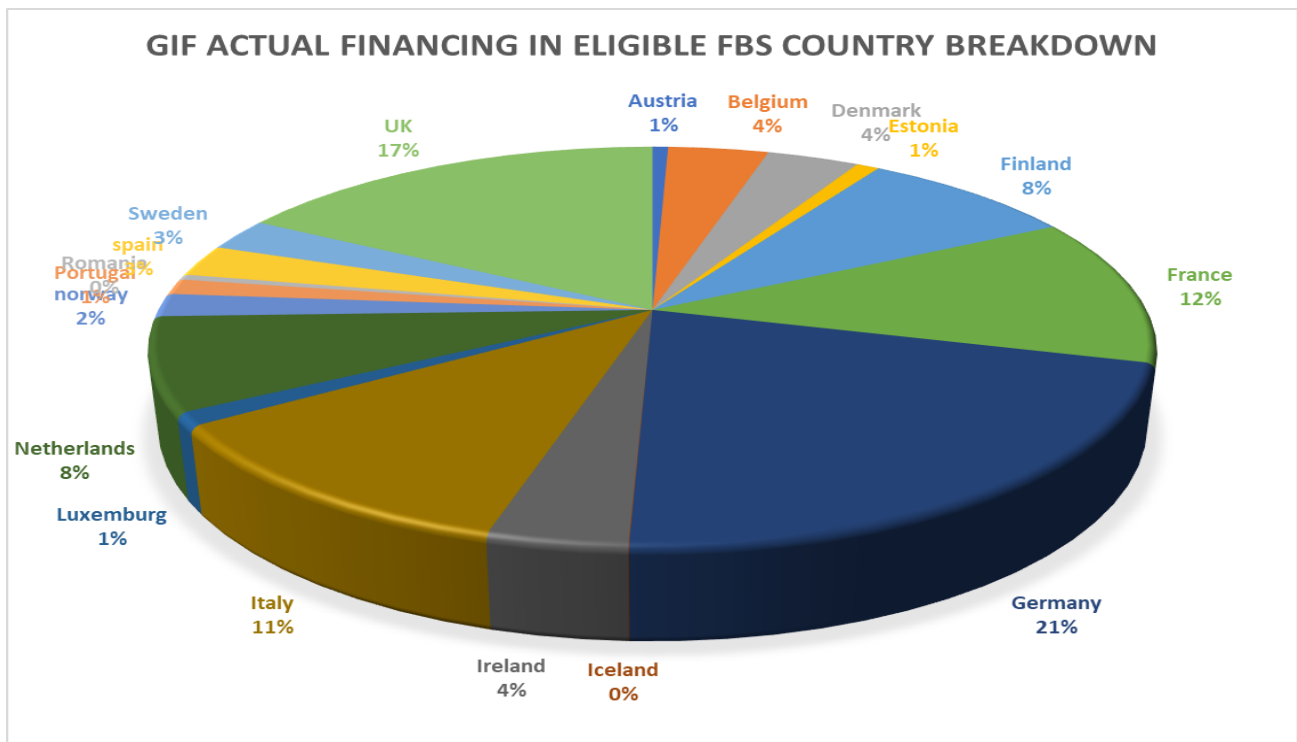
<sup>90</sup> Total amounts invested by the funds in eligible final beneficiaries of EUR 1,702.2 million / EU Contribution committed to financial intermediaries of EUR 535.5 million.

<sup>91</sup> Source: EIF's GIF annual report & Q4 Quarterly report with data as at 31/12/22.

<sup>92</sup> Target Intermediary Size (EUR 3,584.9 m EUR) / EU Contribution committed to financial intermediaries (EUR 535.5 m).

<sup>93</sup> Source: EIF's Q4 Quarterly report with data as at 31/12/2022.

<sup>94</sup> source: EIF GIF Annual report 2022, table 8, "total amounts invested in eligible final beneficiaries".



### Main issues for the implementation

The Facility is closed for new operations as from 30/9/2014. No specific implementation issues have been identified.. The GIF efficiency can be testified notably by the EIP Final Evaluation, as summarized below.

As from its launch until now, the GIF component (providing venture capital) provided an essential contribution to SME support in the participating countries, as outlined above and confirmed by the final evaluation results<sup>74,75</sup>. The main results are summarized below; no more recent data is available as at the date of writing.

On Relevance, the instrument met a clear need for finance for recipients and showed that gaps in SME finance can be addressed. 39% of recipients stated that this financing scheme was their only available option; 23% stated that without this support they would have been able to receive only part of the funding needed. In total, 62% said that the support was crucial to find the finance needed.

On Effectiveness, the funds are getting to the intended recipients with the desired effects for growth, innovation and employment. 77% stated that the equity financing made it easier to obtain additional financing. Over 90% said that the financial support had a positive impact on their long-term growth prospects. 62% expected an increase in turnover (between 26% and 100%). 83% identified themselves as engaged in product / service innovation.

Recipients also received other support (i.e.: advice on business planning, access to a network, financial advice, special business advice).

On Efficiency, general stakeholders have the impression that the instruments are administered efficiently, and that money is not wasted.

On Utility, most recipients said the support was the only option for obtaining the funds needed.

On Sustainability, possible improvements raised by EIPC<sup>76</sup> members and representatives of business organisations, related only to more general issues.

On European value-added, the report recognised the leverage effect achieved, the fact that 80% of GIF recipients operate internationally and that VC funds i) have a broader geographical focus and ii) operate across boundaries.

## Performance, financing and investments

Key figures (EUR)	Actual	Target
EU Contribution committed	535,487,308	535,487,308
Leverage effect	3,1	6,7
Multiplier effect	7,9	16,7
Operations	43	43
Financing provided to final recipients	1,702,200,000	3,584,980,832
Number of final recipients	628	628
Investments made by final recipients due to the received financing	4,255,500,000	8,962,450,000

## Financial Information

Financial Information (EUR)	CIP - GIF		
Type of instrument (loan, guarantee, equity, blending, other)	Equity to VC Funds		
Year of inception	2007		
Implementing Partner	VC Funds via the EIF		
	Notes	2022	All years
<b>EU Contribution</b>			
Budgetary commitments		0.00	600,938,346.00
<i>of which from third countries</i>		0.00	24,830,403.00
<i>of which from reflows</i>		0.00	19,474,357.27
Budgetary payments		4,300,000.00	555,953,504.98
<b>Reflows</b>	<b>(1)</b>		
Revenues		82,450,266.00	124,521,714.00
Repayments		66,765,793.00	346,710,390.00
Total reflows entered into the budget, of which:		77,789,264.02	311,649,704.02
<i>to the general budget</i>		0.00	11,578,463.00
<i>returned to be used</i>		77,789,264.02	300,071,241.02
<b>Losses from operations</b>			
<b>Guarantees</b>			
Guarantees called		0.00	0.00
Guarantee calls recovered		0.00	0.00
<b>Equities</b>			
Realised losses		0.00	4,247,852.61
<b>Loans</b>			
Write offs		0.00	0.00
<b>Management fees and other charges</b>			
Administrative fees		597,431.00	34,071,096.00

Incentive fees		0.00	0.00
Treasury management fees		0.00	0.00
Other charges		3,378,041.00	7,875,669.00
<b>Revenues</b>			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		81,830,777.00	128,598,728.49
Net treasury result (including interest) (gains (+) / losses (-))		35,980.00	4,328,479.24
Net FX gains (+) / losses (-)		-2,783,860.00	-2,194,507.30
Other revenues		0.00	7,798,647.00
	<b>Notes</b>	<b>2022</b>	<b>2021</b>
<b>Risk exposure</b>			
Maximum financial risk exposure		334,971,272.00	541,434,719.00
Value of equity investments		295,960,843.00	495,218,835.80
<i>Investment at cost</i>		217,152,671.00	274,220,005.00
Value of loans		0.00	0.00
<i>Loans at cost</i>		0.00	0.00
Financial liabilities and provisions		0.00	0.00
<b>Assets under treasury management</b>			
Balance in the fiduciary bank account (including short term deposits <3months)		176,814,341.00	110,383,357.00
<i>in euro</i>		173,870,672.00	106,020,425.00
<i>in non-euro currencies</i>		2,943,669.00	4,362,932.00
Other financial assets (including short term deposits >3months)		0.00	0.00

## Notes to the financial information

(1) Out of the EUR 77,789,264.02 reflows entered into the budget and returned to be reused in 2022, EUR 19,076,207.66 were assigned to InvestEU in line with Article 35(1) of the InvestEU Regulation and EUR 58,713,056.36 were assigned to the Public Sector Loan Facility. 2021 reflows in the amount of EUR 2,676,944.86 were assigned to InvestEU and 2021 reflows in the amount of EUR 22,462,865.49 were assigned to the Public Sector Loan Facility..

## Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

N/A

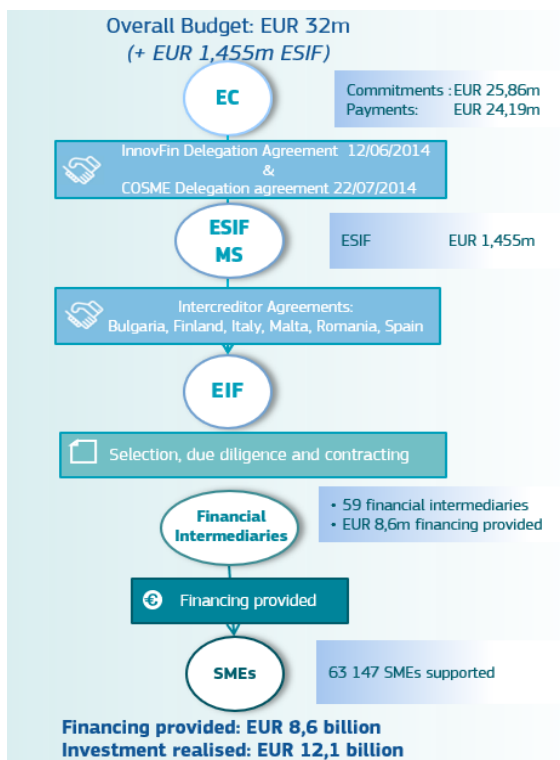
## 4.9 SME Initiative (focus on indirect Commission management part, i.e., COSME/H2020)

### Description

Identification / Reference to the basic act			
<p>The SME Initiative may receive funding from the following 4 programmes:            COSME: Regulation (EU) No 1287/2013 of 11 December 2013 establishing a Programme for the Competitiveness of Enterprises and small and medium-sized enterprises (COSME) (2014 - 2020).            H2020: Regulation (EU) No 1291/2013 of 11 December 2013 establishing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020) and pursuant to the Decision No 2013/743/EU of the Council of 3 December 2013 establishing the Specific Programme implementing Horizon 2020            ERDF and EAFRD (Article of the 39 CPR): Regulation (EU) No 1303/2013 laying down common and general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and laying down common provisions on the European Agricultural Fund for Rural Development.</p>			
Budget lines			
02029901			
(EUR)	2022	2023	2024
<b>Budgetary commitment appropriations</b>	0.00	0.00	0.00
<b>Budgetary payment appropriations</b>	0.00	0.00	0.00

Initial financial envelope:	EUR 175,000,000
Current financial envelope:	EUR 32,000,000
Overall financial envelope:	EUR 32,000,000

### General description



SME support is one of the main areas of support of the European Structural and Investment Funds (ESIF), and financial instruments play an increasingly important role within ESIF support. The basic act governing ESIF interventions is the so-called Common Provisions Regulation (CPR).

Within the financial instruments "family", the SME Initiative is a real novelty, in that it combines different EU funding resources in one financial instrument – namely resources from ESIF, COSME or Horizon 2020 and EIB Group resources. Thereby, it provides significant leverage of (both public and private) additional resources to be mobilised for SME support.

Its overall aim is to enhance access to finance for SMEs, to stimulate economic growth and entrepreneurship. Access to finance is a real issue in the economy of at least several Member States in Southern and Eastern Europe: the problem is not so much the lack of liquidity in the market, but the missing transmission of that liquidity into the real economy, so that SMEs have adequate access to finance at



reasonable conditions, which enables them to invest, develop their competitiveness and grow. Often, a lack of collateral on the SME side is the main reason why banks are not willing to lend.

## Duration

The period of time during which the participating Member State may commit funds to the EIF was to expire on 31 December 2016 but was extended with changes to the CPR in 2018. The end of the eligibility period is 31 December 2023.

## Added value, final recipients and projects

The SME Initiative contributes to the objectives of better SME access to finance and, thereby, enhanced SME competitiveness, innovativeness and growth.

The SME Initiative is a joint instrument, combining EU funds available under COSME and Horizon 2020 and ERDF-EAFRD resources in cooperation with EIB/EIF in view of generating additional lending to SMEs.

Three financial instruments can be implemented under the SME Initiative. In substance, they boil down to two alternative ways of operating, namely:

(\*) uncapped guarantees providing capital relief to financial intermediaries for new portfolio of debt finance to SMEs, and

(\*\*) securitisation instruments (with two possibilities, i.e., option n°2 securitisation instrument with MS contribution used exclusively for the participating MS and option n°3 securitisation instrument with several MS contributions pooled and used to provide protection on the aggregate exposure, particularly to the mezzanine tranches guaranteed by EIF).

A portion of the new Debt Finance portfolio equal to at least 20 times the contribution under the COSME Regulation and/or 9 times the contribution under the H2020 Regulation should fulfil respectively the COSME and/or H2020 eligibility criteria.

## Financial institutions involved in implementation

The EIF is the entrusted entity for the SME Initiative.

## Operational Performance

### Contribution to the achievement of the objectives of the programme

Five Member States opted for the Guarantee instrument from Horizon 2020 under the SME Initiative (Bulgaria, Finland, Malta, Romania and Spain) and Italy opted for the securitization instrument from COSME.

The SME Initiative supported final recipients in 6 Member States that provided a total of ERDF contribution of almost EUR 1.5 billion.

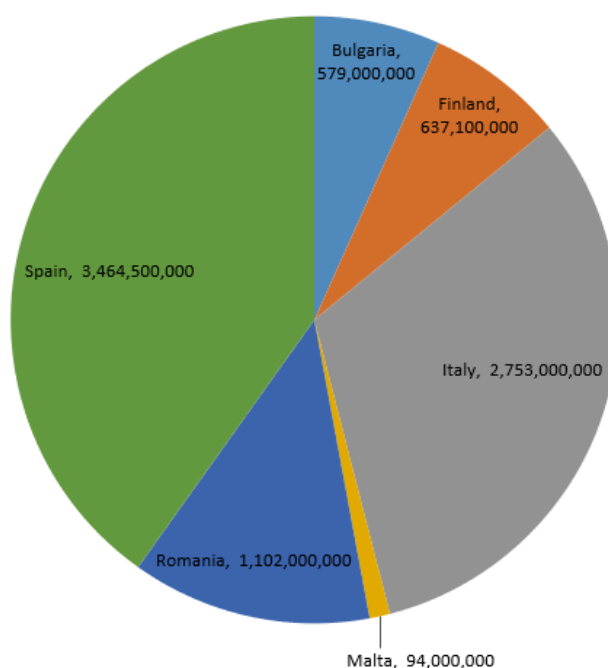
Member State	ERDF contribution (EUR)
Bulgaria	102,000,000
Finland	20,000,000
Italy	320,000,000
Malta	29,000,000
Romania	250,000,000
Spain	734,965,691
<b>Total</b>	<b>1,455,965,961</b>



## Geographical diversification, performance, financing and investments

The SME Initiative is implemented in six Member States. Financing provided to final recipients is distributed by Member State as follows:

Member State	No financial intermediaries	No final recipients	Financing provided to final recipients (EUR)
Bulgaria	7	4,101	579,000,000
Finland	7	1,047	637,100,000
Italy	9	13,724	2,753,000,000
Malta	2	902	94,000,000
Romania	9	3,797	1,102,000,000
Spain	25	39,576	3,464,500,000
<b>Total</b>	<b>59</b>	<b>63,147</b>	<b>8,629,600,000</b>



Bulgaria: 7 financial intermediaries with a target volume of EUR 394 m and an actual volume of EUR 579 m for 4 574 transactions to 4 101 final recipients,

Finland: 7 financial intermediaries with a target volume of EUR 285,4 m and an actual volume of EUR 637,1 m for 1 138 transactions to 1 047 final recipients,

Malta: 2 financial intermediaries with a target volume of EUR 96,5 m and an actual volume of EUR 94 m for 1 077 transactions to 902 final recipients,

Romania: 9 financial intermediaries with a target volume of EUR 1.452,4 m and an actual volume of EUR 1 102 m for 4 882 transactions to 3 797 final recipients,

Spain: 25 financial intermediaries with a target volume of EUR 2.726,4 m and an actual volume of EUR 3 464,5 m for 44 446 transactions to 39 576 final recipients.

Italy opted for the use of the Securitisation instrument under the SME Initiative, combined with COSME resources. At the end of 2022, 9 agreements have been signed with nine Italian financial institutions, in the form of synthetic securitisation transactions, allowing the financial institutions to build up EUR 3 billion of new financing to SMEs over the next years, which should improve access to finance for over 13,000 SMEs

located in Italy. As of 31/12/2022, the target volume of financing is EUR 3,020 million and the actual volume EUR 2,753 million for 16,518 transactions to 13,724 final recipients.

The financing provided to final recipients amounted to EUR 8.63 billion and the total investments made by final recipients due to the received financing amounted to EUR 12.08 billion.

Key figures (EUR)	Actual
EU Contribution committed	1,481,222,878
Leverage effect	5.83
Multiplier effect	8.16
Operations	59
Financing provided to final recipients	8,629,600,000
Number of final recipients	63,147.00
Investments made by final recipients due to the received financing	12,080,000,000

### **Main issues for the implementation**

No specific issue has been identified.

### **Financial Information**

The financial information with regard to the EU level instruments that contribute to the SME Initiative is presented in chapter 4.1 COSME Loan Guarantee Facility (LGF) and chapter 4.3 SMEs & Small Midcaps R&I Loans Service under Horizon 2020 (InnovFin SME Guarantee) of this document.

The reporting of the ERDF/EAFRD part is submitted by Member States as part of the annual exercise required by Article 46 of Regulation (EU) No 1303/2013 and, the next reporting will be summarized in an annual publication to be prepared by 31 December 2023<sup>95</sup>

<sup>95</sup> Previous annual summaries of data on the progress made in financing and implementing the financial instruments for the programming period 2014-2020 in accordance with Article 46 of Regulation (EU) No 1303/2013 of the European Parliament and of the Council ('CPR') are available in this link:

[https://ec.europa.eu/regional\\_policy/funding/financial-instruments\\_en](https://ec.europa.eu/regional_policy/funding/financial-instruments_en)

## E. External Policies

### 5.1. Western Balkans Investment Framework (WBIF)

#### Description

Identification / Reference to the basic act			
Regulation (EU) 2021/1529 of the European Parliament and of the Council of 15 September 2021 establishing the Instrument for Pre-Accession Assistance (IPA III); Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (IPA II); iii) Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA).			
Budget lines			
- B2009-22.020701, B2009-22.020701, B2009-22.020701, B2011-22.020701, B2016-22.020401, B2021-15.029901 (EFSE). - BGUE-B2009-22.020701, BGUE-B2009-22.020701, BGUE-B2009-22.020701, BGUE-B2009-22.020701, BGUE-B2017-22.020401; B2021-15.029901 (GGF). - 22.02.51 (ENIF); 22.02.51 (ENEF); 22020401 (GF II); 22020401 (GF I); B2020-22.020401.			
(EUR)	2022	2023	2024
<b>Budgetary commitment appropriations</b>	0.00	20,000,000.00	N/A <sup>96</sup>
<b>Budgetary payment appropriations</b>	9,969,199.84 <sup>97</sup>	6,372,861.41 <sup>98</sup>	N/A

Initial financial envelope:	EUR 162,400,000
Current financial envelope:	EUR 270,452,574
Overall financial envelope:	EUR 270,452,574

#### General description

The Western Balkans Investment Framework (WBIF), established in 2009, is a joint blending platform of the European Commission, EU Member State Development Finance Institutions and International Financing Institutions (DFIs/IFIs), EU Member States and Norway, aimed at enhancing cooperation in public and private sectors investment for the socio-economic development of the region, and contributing to the European perspective of the Western Balkans.

Due to its collaborative nature in line with the Team Europe approach, the WBIF is the main financial vehicle for implementation of the EU's ambitious policy priorities and investment flagships of the Economic

<sup>96</sup> Projects are selected on a yearly basis under a competitive selection procedure and while some of them might be financial instruments that require the opening of a fiduciary account (e.g., equity or bank guarantees), other are technical assistance grants or investment grants that are not included in this report. Therefore, it is not possible to provide such information at this stage.

<sup>97</sup> EUR 56,120 (EIF fee on GGFI) + EUR 20,000 (KfW fee on GGFI) + EUR 106.120 (EIF fee on EFSE) + EUR 20,000 (KfW fee on EFSE) + EUR 0 (on Youth guarantee) + EUR 8,000,000.00 (GFII 4SME Resilience for guarantee provisioning) + EUR 2,000,000.00 (GF Serbia for guarantee provisioning) + (EUR -333,040.16) GF II.

<sup>98</sup> ENEF II: EUR 0; ENEF: EUR 86,603.22 (management fee, 16/03/2023); ENIF: EUR 86,258.19 (management fee, 16/03/2023); KfW employment guarantee: EUR 1,180,000.00; EFSE TA with KfW: EUR 1,000,000.00; Youth guarantee: EUR 2,000,000.00; Serbia guarantee: EUR 2,000,000.00; GGF with KfW: EUR 20,000.00.

and Investment Plan for the Western Balkans<sup>99</sup>, mainly sustainable transport, clean energy, environment and climate, digital future, competitiveness of the private sector and human capital.

The Western Balkans Investment Framework (WBIF) operates as a joint facility, which pools resources from various sources, namely from IPA and bilateral donors, financial institutions, and the Western Balkans partners. WBIF funds are provided to projects selected through a competitive procedure (call for investments under the WBIF or calls for “Proposals for Investment Portfolios” for guarantees in line with NDICI and IPA III Regulations) to the respective lead DFIs/IFIs, pillar-assessed for the implementation of EU funds which shall use the instruments to leverage additional funds in support to public and private investments in the region.

Current active DFI/IFI implementing partners within the WBIF include, the Agence Française de Développement (AFD), the Council of Europe Development Bank (CEB), the Cassa Depositi e Prestiti (CDP), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank Group, including the European Investment Fund (EIB and EIF), the Kreditanstalt für Wiederaufbau (KfW), and the World Bank Group, including the International Finance Corporation (WBG and IFC).

The operations reported in the section entitled “key figures” are a limited sub-set of financial instruments in the form of equity or bank guarantees, which require opening a fiduciary account on behalf of the European Commission by an DFI/IFI. The other operations undertaken within the framework of WBIF (e.g., providing TA or investment grants) are not included in the below.

## **Duration**

Established in 2009 to support investments in infrastructure Connectivity (i.e., Transport, Energy and Digital) the WBIF has evolved over the years, and since 2020 it supports public infrastructure and MSME competitiveness through blending and guarantees (the later under the European Fund for Sustainable Development Plus - EFSD+ - guarantee).

## **Added value, final recipients and projects**

The WBIF is a unique and successful cooperation platform uniting IPA beneficiaries, donors, and lenders. The platform’s scope is to increase the region capacity to finance projects and programmes in support to the public and private sectors through blending and guarantee instruments in Western Balkans. Investments through WBIF should be in line with the European perspective and investment flagships identified in the Economic and Investment Plan for Western Balkans, the Green Agenda, the Innovation Agenda and the Global Gateway. WBIF has the objective to enhance overall coordination of assistance and to maximise the impact of grant and guarantee financing by using it to leverage lending by financial institutions.

The WBIF has demonstrated to be a successful implementation modality throughout its existence, delivering on the different policy objectives promoted by supporting the development of a favourable environment for investments to be made, creating markets, setting up demonstration projects in specific sectors such as for instance renewable energy and environment, and enhancing access to finance for underserved areas and vulnerable groups. Thanks to the leverage effect, it has strengthened the impact of EU funding compared to previous years, which would be difficult to achieve without the WBIF. In addition to the financial leverage, the WBIF has also given projects considerable qualitative leverage. These benefits are both socio-economic and environmental and thus not always easily measurable in financial terms. For instance, technical assistance grants have improved project design, ensured the implementation of EU Standards and enhanced the management and quality of projects (e.g., through capacity building). For support to MSME projects, technical assistance has been used to address market gaps and inefficiencies on both the supply and demand

<sup>99</sup> COM(2020) 641 final Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - An Economic and Investment Plan for the Western Balkans

sides. Local financial intermediaries have learned how to tailor their products and communication to the specific needs of the MSME market, and potential borrowers have increased their capacity in preparing bankable projects and reinforce business linkages. This support has enhanced the development impact of projects and ensured achievement of sustainable results.

Since 2009 the WBIF has provided EUR 3 billion support for public sector infrastructure, enabling the launching of over 238 projects with WBIF support and mobilising approximately EUR 28 billion estimated investments. Support to the competitiveness of the private sector started in 2012 under the WBIF, and since then approximately EUR 4.2 billion has been mobilised to provide affordable and reliable financing to the Micro Small and Medium-sized Enterprises (MSMEs) in the Western Balkans region.

### **Financial institutions involved in implementation**

The WBIF is a cooperation platform of several bilateral donors, EU Member State Development Finance Institutions and International Financing Institutions (DFIs/IFIs) that blends resources in support of strategic investments aligned with policy priorities. WBIF funds are provided to projects selected through a competitive procedure (call for investments under the WBIF or calls for “Proposals for Investment Portfolios” for guarantees in line with NDICI and IPA III Regulations) to the respective lead DFIs/IFIs, pillar-assessed for the implementation of EU funds.

Current active DFI/IFI implementing partners within the WBIF include, the Agence Française de Développement (AFD), the Council of Europe Development Bank (CEB), the Cassa Depositi e Prestiti (CDP), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank Group, including the European Investment Fund (EIB and EIF), the Kreditanstalt für Wiederaufbau (KfW), and the World Bank Group, including the International Finance Corporation (WBG and IFC).

## **Operational Performance**

### **Contribution to the achievement of the objectives of the programme**

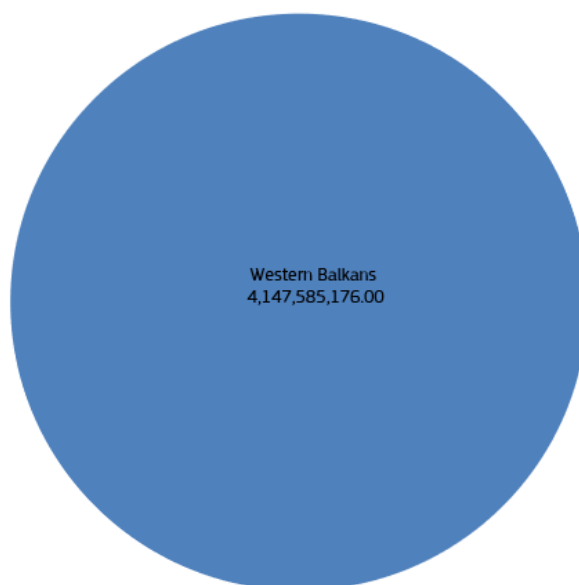
The WBIF has, since 2009, enabled the EU to meet some of the key objectives in terms of socio-economic development and convergence between the Western Balkans and the EU, supporting the region in its European path. It has mobilised public and private resources for an enhanced development impact in areas such as connectivity (transport, energy and digital), environment and climate, supporting the competitiveness of the private sector and human capital development.

Financial instruments are used under the WBIF to enhance the availability and affordability of diversified financing to support access to finance to Micro Small and Medium-sized Enterprises (MSMEs) at various stages of their lifecycle. Under the Enterprise Innovation Fund (ENIF) and the Enterprise Expansion Fund (ENEF) EUR 31,600,000 in equity was provided to 45 companies to help them innovate and expand their activities. Under the Green for Growth Fund (GGF) investments projects have supported 393.4 CO<sub>2</sub> emissions’ reduction (CO<sub>2</sub> ktons eq/yr) and 853.5 GWh/yr energy efficiency transition in the region. Supporting labour and financial integration of those furthest away from the labour market, including in rural areas, is the main focus of the European Fund for Southeast Europe (EFSE). In 2022, the fund has disbursed 26,530,00 loans of an average of EUR 9,712,00, supporting 42,000 jobs in the region. Through the different WB Enterprise Development and Innovation Facility (WB EDIF) guarantees, EUR 278,3 million of financing were provided to 6,504<sup>100</sup> MSMEs to support their competitiveness.

<sup>100</sup> Data as of end 2021. 2022 data not yet available.

## Geographical diversification

WBIF includes all six Western Balkans IPA beneficiaries, namely Albania, Bosnia and Herzegovina, Kosovo, Montenegro, Republic of North Macedonia and Serbia. It is noted that for some financial instruments, set up before the accession of Croatia, the later was also an eligible beneficiary until 2014.



## Main issues for the implementation

The Western Balkans Investment Framework faces challenges at different stages of its implementation. First, the reduction of resources available under the WBIF, reflecting to a large extent the shift towards a greater use of budgetary guarantees under the EFSD+, makes the selection of projects under the NIP stricter. Therefore, a rigorous prioritisation of the various projects proposed by implementing partners is required.

The WBIF team, with support from EU delegations, ensures that selected projects are fully aligned with EU priorities (Global Gateway, Green Deal, etc.) and the priorities of the Economic and Investment Plan for the Western Balkans, the Green Agenda for the Western Balkans and the Innovation Agenda for the Western Balkans as established in the WBIF Strategic Orientations. Against this background, close coordination with the EU delegations and local partners is necessary at each stage of the project. Efforts to enhance cooperation with EU delegations from the preliminary stage of the proposal have been made by Financial Institutions and could be further enhanced going forward.

An assessment is also carried out on the basis of the additionality that the EU contribution will bring in terms of benefits and results, notably as regards development impact, in comparison to what would have been achieved without the EU contribution. The additionality varies depending on the context and is driven by country, sector, market and project characteristics. In particular, the “financial additionality” assessment involves quantitative considerations of the cost-effectiveness, efficacy and efficiency of the EU contribution for the achievement of relevant policy objectives, and notably for maximising positive impact on the ultimate beneficiaries. The “development additionality” keeps into consideration, the capacity of the programme to contribute towards results that are not easily quantifiable, such as for instance the introduction or increase in the quantity and quality of services available in the targeted market.

In terms of implementation, contracting of approved contributions under the WBIF can sometimes take considerable time, especially as regards contracting of financial instruments. This is notably due to ongoing discussions on horizontal legal issues between the Commission and the Financial Institutions under the different Financial Framework Partnership Agreement (FFPA). Also, visibility of projects funded under the WBIF could be further enhanced by the EU and Financial Institutions in order to mobilise further (private) investments and showcase the positive impact of EU funding.

## Performance, financing and investments

The achieved leverage exceeds slightly the initially envisaged leverage of 5.2. This higher leverage is reflective of development and the deployment of the different instrument since 2013 in the region, the established relationship between the IFIs and the local intermediaries, the improved experience of those intermediaries to develop EU-funded risk-capital and guarantees schemes, and the capacity to crowd-in other investors.

Overall, there is a lack of information about the investments made by final recipients since this indicator was not defined at the contracting stage, which implies the impossibility to identify neither the Multiplier effect for the WBIF.

Key figures (EUR)	Actual	Target
EU Contribution committed	89,627,176.20	197,098,180.10
Leverage effect	46.3	N/A
Multiplier effect	N/A	N/A
Operations	121	N/A
Financing provided to final recipients	4,147,585,176.00	N/A
Number of final recipients	537,561	N/A
Investments made by final recipients due to the received financing	N/A	N/A

There will not be any more commitment to most of the financial instruments included in the WBIF for this analysis. Nevertheless, a new replenishment as part of the EU COVID-19 response package for the Western Balkans, as well as additional financing already committed for the second phase of the ENEF fund to start in Q3 2023.

## Financial Information

Financial Information (EUR)	Western Balkans Investment Framework (WBIF)		
	Guarantees, equity and blending		
Type of instrument (loan, guarantee, equity, blending, other)	Guarantees, equity and blending		
Year of inception	2009		
Implementing Partner	EIF, KfW, EBRD		
	Notes	2022	All years
<b>EU Contribution</b>	<b>(1)</b>		
Budgetary commitments	<b>(2)</b>	-333,040.16	197,098,180.10
<i>of which from third countries</i>		0.00	0.00
<i>of which from reflows</i>		0.00	0.00
Budgetary payments		10,302,240.00	113,929,076.36
<b>Reflows</b>			
Revenues		0.00	0.00
Repayments		0.00	0.00
Total reflows entered into the budget, of which:		0.00	0.00
<i>to the general budget</i>		0.00	0.00
<i>returned to be used</i>		0.00	0.00
<b>Losses from operations</b>			



<b>Guarantees</b>			
Guarantees called		1,041,789.00	6,467,805.00
Guarantee calls recovered		103,555.08	2,251,914.08
<b>Equities</b>			
Realised losses		0.00	0.00
<b>Loans</b>			
Write offs		0.00	0.00
<b>Management fees and other charges</b>			
Administrative fees		3,054,644.25	12,206,237.05
Incentive fees		200,000.00	1,037,500.00
Treasury management fees		14,655.00	70,883.00
Other charges		88,226.41	2,514,675.87
<b>Revenues</b>			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		7,982,080.70	8,862,768.70
Net treasury result (including interest) (gains (+) / losses (-))		33,355.27	-98,076.44
Net FX gains (+) / losses (-)		0.00	-126,575.00
Other revenues		486.26	613.26
	<b>Notes</b>	<b>2022</b>	<b>2021</b>
<b>Risk exposure</b>			
Maximum financial risk exposure		259,112,232.88	272,852,757.47
Value of equity investments		216,685,218.01	213,763,498.62
<i>Investment at cost</i>		184,805,591.42	185,348,490.05
Value of loans		0.00	0.00
<i>Loans at cost</i>		0.00	0.00
Financial liabilities and provisions		4,078,303.95	10,369,809.00
<b>Assets under treasury management</b>			
Balance in the fiduciary bank account (including short term deposits <3months)		56,059,323.16	40,542,028.56
<i>in euro</i>		56,059,322.00	40,542,028.00
<i>in non-euro currencies</i>		0.00	0.00
Other financial assets (including short term deposits >3months)		5,307,266.17	5,297,222.17

## Notes to the financial information

- (1) ENEF provides Equity and quasi-equity. The total fund size is EUR 48.5 million, and the EC contribution is of EUR 11 million, which represents the 22.68% of the total fund.  
ENIF provides Equity and quasi-equity. The total fund size is EUR 41.43 million, and the EC contribution is of EUR 14.1 million, which represents the 34.03% of the total fund.
- (2) This reduction is due to the fact that the guarantee, once fully used to support loans in the region, is now winding down and some EU Contribution is no longer required.



**Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years**

N/A

**Financial information per implementing partner and instrument**

Implementing Partner	Notes		EIF	KfW	EBRD	Total
Budgetary commitments		2022	-	-	-	-
		Aggregated	179,875,984	17,222,196	-	<b>197,098,180</b>
Budgetary payments		2022	-	-	-	-
		Aggregated	97,668,640	16,260,436	-	<b>113,929,076</b>
Amounts committed by the Implementing Partner	Grants (including TA)	2022	N/A	N/A	-	-
		Aggregated	N/A	N/A	-	-
	Financial instruments	2022	N/A	N/A	-	-
		Aggregated	N/A	N/A	-	-
	Own resources	2022	N/A	N/A	-	-
		Aggregated	N/A	N/A	-	-
Administrative expenditure	Management fees	2022	N/A	N/A	-	-
		Aggregated	13,174,620	140,000	-	<b>13,314,620</b>
	Other charges	2022	N/A	N/A	-	-
		Aggregated	2,514,676	0	-	<b>2,514,676</b>
	Total	2022	N/A	N/A	-	-
		Aggregated	15,689,296	140,000	-	<b>15,829,296</b>

Financial Information (EUR)	Guarantee Facility I (GF I) under the Western Balkans Enterprise Development and Innovation Facility		Guarantee Facility II (GF II) under the Western Balkans Enterprise Development and Innovation Facility		Enterprise Expansion Fund (ENEF) under the Western Balkans Enterprise Development and Innovation Facility		Enterprise Expansion Fund II (ENEF II) under the Western Balkans Enterprise Development and Innovation Facility	
	2022	All years	2022	All years	2022	All years	2022	All years
Type of instrument (loan, guarantee, equity, blending, other)	Guarantee		Guarantee		Equity		Equity	
Year of inception	2012		2015		2012		2022	
Implementing Partner	EIF		EIF		EIF		EBRD	
<b>EU Contribution</b>								
Budgetary commitments	0.00	21,900,000.00	-333,040.16	107,137,963.74	0.00	10,400,000.00	0.00	0.00
<i>of which from third countries</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>of which from reflows</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Budgetary payments	0.00	21,900,000.00	10,000,000.00	32,850,000.00	0.00	10,400,000.00	0.00	0.00
<b>Reflows</b>								
Revenues	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Repayments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total reflows entered into the budget, of which:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>to the general budget</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>returned to be used</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Losses from operations</b>								
<b>Guarantees</b>								
Guarantees called	14,413.00	1,928,834.00	1,027,376.00	4,538,971.00	0.00	0.00	0.00	0.00
Guarantee calls recovered	35,872.00	671,978.00	67,683.08	1,579,936.08	0.00	0.00	0.00	0.00
<b>Equities</b>								
Realised losses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Loans</b>								
Write offs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Management fees and other charges</b>								
Administrative fees	0.00	1,900,000.00	2,493,012.00	3,466,590.00	84,408.60	968,586.50	0.00	0.00
Incentive fees	0.00	0.00	200,000.00	1,037,500.00	0.00	0.00	0.00	0.00
Treasury management fees	0.00	0.00	14,655.00	70,883.00	0.00	0.00	0.00	0.00
Other charges	19,471.00	215,746.00	0.00	25,500.00	3,347.65	3,347.65	0.00	0.00
<b>Revenues</b>								
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	0.00	0.00	0.00	0.00	0.00	880,688.00	0.00	0.00
Net treasury result (including interest) (gains (+) / losses (-))	604.00	-61,907.00	30,035.00	-57,423.00	0.28	-14,137.37	2,716.00	2,716.00
Net FX gains (+) / losses (-)	0.00	-124,499.00	0.00	-2,076.00	0.00	0.00	0.00	0.00
Other revenues	486.26	486.26	0.00	0.00	0.00	0.00	0.00	0.00
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Risk exposure</b>								
Maximum financial risk exposure	1,926,373.00	17,750,635.90	40,500,641.87	41,338,622.95	3,667,660.00	5,268,795.38	0.00	0.00
Value of equity investments	0.00	0.00	0.00	0.00	3,667,660.00	5,268,795.38	0.00	0.00
<i>Investment at cost</i>	0.00	0.00	0.00	0.00	4,073,577.19	5,538,525.63	0.00	0.00
Value of loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Loans at cost</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial liabilities and provisions	8,525.95	1,085,291.00	4,069,778.00	9,284,518.00	0.00	0.00	0.00	0.00
<b>Assets under treasury management</b>								
Balance in the fiduciary bank account (including short term deposits <3months)	18,356,249.99	18,351,708.00	20,781,906.09	13,598,718.00	6,225,885.98	4,866,511.78	5,000,000.00	0.00
<i>in euro</i>	18,356,250.00	18,351,708.00	20,781,906.00	13,598,718.00	6,225,886.00	4,866,512.00	5,000,000.00	0.00
<i>in non-euro currencies</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other financial assets (including short term deposits >3months)	0.17	0.17	5,307,266.00	5,297,222.00	0.00	0.00	0.00	0.00

Financial Information (EUR)	Enterprise Innovation Fund (ENIF) under the Western Balkans Enterprise Development and Innovation Facility		Green for Growth Fund (GGF)		European Fund for Southeast Europe (EFSE)		EU-KfW WB Guarantee Covid- 19 Response - Supporting Entrepreneurs and MSMEs to Safeguard Employment	
	Equity		Blending		Blending		Guarantee	
Type of instrument (loan, guarantee, equity, blending, other)	2013		2009		2005		2022	
Year of inception	EIF		KfW		EIF		KfW	
Implementing Partner	2022	All years	2022	All years	2022	All years	2022	All years
<b>EU Contribution</b>								
Budgetary commitments	0.00	21,200,000.00	0.00	17,222,196.37	0.00	19,238,019.99	0.00	0.00
<i>of which from third countries</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>of which from reflows</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Budgetary payments	0.00	21,200,000.00	176,120.00	16,260,436.37	126,120.00	11,318,639.99	0.00	0.00
<b>Reflows</b>								
Revenues	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Repayments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total reflows entered into the budget, of which:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>to the general budget</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>returned to be used</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Losses from operations</b>								
<b>Guarantees</b>								
Guarantees called	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Guarantee calls recovered	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Equities</b>								
Realised losses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Loans</b>								
Write offs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Management fees and other charges</b>								
Administrative fees	246,389.98	5,584,185.88	115,417.00	140,000.00	115,416.67	146,874.67	0.00	0.00
Incentive fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Treasury management fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other charges	57,907.76	1,262,582.22	0.00	0.00	7,500.00	1,007,500.00	0.00	0.00
<b>Revenues</b>								
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	7,982,080.70	7,982,080.70	0.00	0.00	0.00	0.00	0.00	0.00
Net treasury result (including interest) (gains (+) / losses (-))	0.00	32,674.94	0.00	0.00	-0.01	-0.01	0.00	0.00
Net FX gains (+) / losses (-)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other revenues	0.00	127.00	0.00	0.00	0.00	0.00	0.00	0.00
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Risk exposure</b>								
Maximum financial risk exposure	19,691,969.87	17,898,758.74	66,241,620.19	66,070,400.19	127,083,967.95	124,525,544.31	0.00	0.00
Value of equity investments	19,691,969.87	17,898,758.74	66,241,620.19	66,070,400.19	127,083,967.95	124,525,544.31	0.00	0.00
<i>Investment at cost</i>	11,879,440.49	10,957,390.68	68,083,232.73	68,083,232.73	100,769,341.01	100,769,341.01	0.00	0.00
Value of loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Loans at cost</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial liabilities and provisions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Assets under treasury management</b>								
Balance in the fiduciary bank account (including short term deposits <3months)	5,695,281.10	3,725,090.78	0.00	0.00	0.00	0.00	0.00	0.00
<i>in euro</i>	5,695,280.00	3,725,090.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>in non-euro currencies</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other financial assets (including short term deposits >3months)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

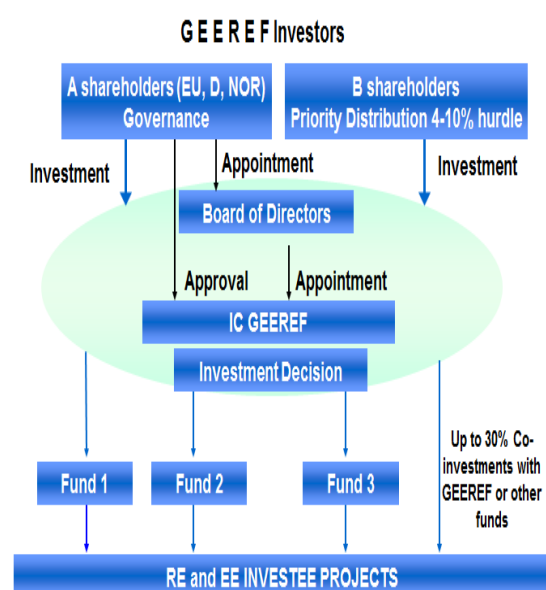
## 5.2 Global Energy Efficiency and Renewable Energy Fund (GEEREF)

### Description

Identification / Reference to the basic act			
Regulation (EC) No 1905/2006 of the European Parliament and of the Council of 18 December 2006 establishing a financing instrument for development cooperation.			
Regulation (EU) No 233/2014 of the European Parliament and of the Council of 11 March 2014 establishing a financing instrument for development cooperation for the period 2014-2020.			
Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action.			
Budget lines			
14.029902			
(EUR)	2022	2023	2024
<b>Budgetary commitment appropriations</b>	0.00	0.00	0.00
<b>Budgetary payment appropriations</b>	0.00	0.00	0.00

Initial financial envelope:	EUR 25 000 000
Current financial envelope <sup>101</sup> :	EUR 101 100 000 <sup>102</sup>
Overall financial envelope	EUR 101 100 000

### General description



GEEREF is a Fund-of-Funds, established as the first compartment of the European Initiative on Clean, Renewable Energy, Energy Efficiency and Climate Change related to Development SICAV, SIF. Its aim is promoting energy efficiency and renewable energy in developing countries and economies in transition. In addition to the European Commission, Norway and Germany have invested approximately EUR 13 and 23 million respectively in GEEREF and were actively involved in its creation. The Commission, Norway and Germany have all subscribed to first loss shares and are called A-shareholders. In addition, 24 private investors have committed EUR 110 million to the fund, while the European Investment Bank (EIB) has also invested EUR 10 million. The EIB and the private investors (called “B Shareholders”) have second-loss shares in the fund.

### Duration

The EC mandate to EIB group was signed in December 2007. GEEREF’s duration is 15 years from the initial closing date, 6 Nov 2008 and the investment period ended in 2019. The duration of the activities may be extended up to 2028 at the Discretion of the GEEREF's Board with the consent of GEEREF A-Shareholders representing at least 75 % of the GEEREF Total Commitments.

<sup>101</sup> Committed amounts budget and EDF.

<sup>102</sup> The EUR 101,1 million also include EUR 5 million for Technical Assistance and EUR 20 million financed under EDF

## Added value, final recipients and projects

The goal of GEEREF is to invest in private equity investment funds with a regional focus on small and medium-sized projects in developing countries and economies in transition, which contribute to the development and extension of renewable energy, energy efficiency and related clean energy technology markets and services. In turn, these funds invest in private sector projects, increasing the leveraging effect of GEEREF's investments.

## Financial institutions involved in implementation

GEEREF is advised by the EIB Group.

## Operational Performance

The current operations and results are covered by the full contribution committed (not only by the EC budget share) and have been slightly impacted by inflationary pressures. Over the fourth quarter of 2022 the performance of GEEREF remained broadly unchanged.

As of 31 December 2022, the Fund has signed commitments to 15 portfolio funds, of which 14 are still active:

- In 2009, the Fund invested ZAR 108,5 million (EUR 10 million at prevailing exchange rate) in Evolution One, which focuses on clean energy investment in Southern African Development Community (“SADC”) countries. The fund has ended its investment period and the end of its lifetime is extended till end of 2023 to allow for the finalisation of its last investment sale.
- In 2009, the Fund invested EUR 12,5 million in the Renewable Energy Asia Fund (“REAF”), which focuses on renewable energy projects in Asia (primarily India and the Philippines). The team has successfully raised a successor fund, REAF II, into which GEEREF has also committed, cf. below for further information on REAF II.
- In 2010, the Fund made a conditional commitment of EUR 10 million in the DI Frontier Market Energy & Carbon Fund (“DI Frontier”), a private equity fund concentrating on renewable energy infrastructure in Eastern Africa. 13 (2 still under process) out of the 19 project companies of the DI Frontier’s portfolio were sold to Frontier II. The Fund is using the proceeds of the sale of assets to Frontier II to finance the remaining capital need for the remaining assets.
- In 2011, the Fund made a conditional commitment of the USD equivalent of EUR 12,5 million (converted into USD 18,1 million) to Emerging Energy Latin America Fund II (formerly Cleantech Latin America Fund II), a private equity fund investing primarily in renewable energy infrastructure in Latin America and the Caribbean. Signature of the conditional commitment was completed on 4 July 2011. The last asset has been sold and the fund partnership has been dissolved on 7 November 2016 and no longer exists.
- In 2012, the Fund invested the USD equivalent of EUR 10 million in the Armstrong South East Asia Clean Energy Fund (“Armstrong”) - a fund concentrating on investments in Southeast Asia. Its investment period was extended to August 2023 to facilitate exit of the last asset out of the 12 projects already, 9 have been successfully disposed.
- At the end of December 2012, GEEREF signed a conditional commitment of EUR 10 million in the MicroCarbon Development Fund (“MCDF”) - a fund focusing on energy efficiency projects in Central America and the Caribbean. In 2013, the fund changed its name to MGM Sustainable Energy Fund (“MSEF”). MSEF has now committed or allocated all its capital into 27 investments, 26 still active, and finished its investment period.
- At the end of December 2014, GEEREF signed a EUR 12 million, in Indian Rupees, commitment to Solar Arise India Project Private Limited, an investment vehicle focussing on solar photovoltaic (“PV”) investments in India. Solar Arise remains in investment mode. End 2019, Solar Arise had six deals in its portfolio.

- On 12 June 2015, GEEREF signed a USD 13 million conditional commitment agreement to the Caucasus Clean Energy Fund I (“CCEF”). The fund will invest primarily in small and medium scale green-field run-of-river HPPs, with a capacity of approximately 10-20 MW. The fund made 7 investments (5 still active).
- On 14 September 2015, GEEREF signed a USD 19,6 million commitment into the Africa Renewable Energy Fund (“AREF”), a fund focusing on renewable energy infrastructure investments (small and medium-sized hydro, wind, solar PV, geothermal and biomass projects) across Sub-Saharan Africa (except South Africa). The fund invested in 17 companies and has finished its investment period.
- In December 2015, GEEREF signed a conditional commitment of up to EUR 15 million to the Renewable Energy Asia Fund II (“REAF II”). REAF II is the first follow-on fund from the existing GEEREF portfolio and successor to the Renewable Energy Asia Fund. The final close of REAF II was achieved in November 2017 at a size of just above USD 200 million. REAF II is in investment mode till March 2021. The fund has built a portfolio of 14 projects, early-stage renewable assets or project developers across different Asian countries.
- In July 2016, GEEREF signed a USD 16,6 million commitment to the Catalyst MENA Clean Energy Fund (“Catalyst” or “CMCF”) which reached a size to USD 57,3 million. The investment period was restated as a result of a remedial action plan requested by the fund’s limited partners. CMCF concentrates on renewable energy and energy efficiency investments in the Middle East and North Africa, with a special focus in Jordan with 4 investments made and 2 under process in Egypt.
- In December 2016, GEEREF signed a USD 21 million conditional commitment to Evolution II, the successor fund to Evolution One to focus on Sub-Saharan Africa. At end of 2019, the fund has built a portfolio of eight investments.
- In March 2017, GEEREF signed a commitment of USD 20,8 million (equivalent of EUR 20 million) in Frontier Energy II, the successor fund to DI Frontier Fund (see above), targeting Renewable Energy projects in East Africa. The portfolio comprises 30 investments, most of them in development phase. 6 projects are in operation, 2 in construction and 2 already exited.
- In March 2019, MSEF II, the successor fund to MSEF achieved a closing including GEEREF. The main focus remains on Energy Efficiency projects in Latin America. The final closing at USD 125 million occurred in Q3 2020 and 21 investments have been completed.
- In July 2019, GEEREF made a USD 19,6 million commitment in a pan-African renewable fund ARCH Africa Renewable Power Fund L.P. (“ARPF”). This fund already had a first close in February 2019 and a final closing in July 2021. Together with the General Partner and GEEREF, investors committed ~USD 126 million to ARPF. As of end 2022, ARPF has six investments in its portfolio.

### **Contribution to the objectives of the programme**

The GEEREF is effectively contributing to deliver projects of EU added value in energy access and efficiency. It is expected that the GEEREF will lead to an increased engagement of the private sector by providing “patient capital”. This will improve the investment conditions for private equity co-investors or senior lenders, thereby making selected project/SMEs eligible for funding from these sources, previously outside their reach. GEEREF ensures review and enhancement of the funds’ E&S practices via regular monitoring.

As reported by the Fund Manager at the end of 2021, GEEREF has achieved the following results:

- 4,4 GW of clean energy capacity in different stages until December 2021(1.6 GW in development, 0.8 GW in construction, 2 GW in operation).
- 6,495 GWH of clean energy have been generated in 2021 and 90 GWH Energy saved per year. thanks to investments supported by GEEREF. This is equivalent to the annual energy consumption of more than 4,1 million households. Most of the generation happened in Africa, South and

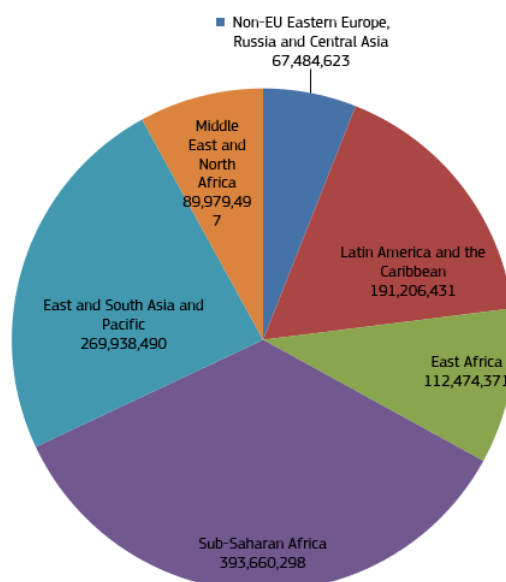
Southeast Asia. Energy savings were slightly lower in 2021 due to COVID restrictions and operational implications in some projects.

- 3,9 million tons of yearly emissions of CO2 equivalent expected to be avoided.
- As of end 2021, GEEREF’s operational projects (including projects exited by the funds) had a climate mitigation effect of c. 16 million tonnes CO2 equiv. (cumulatively since 2015).
- GEEREF investments supported 4 thousand permanent male jobs; 1.5 thousand permanent female jobs; 9.5 thousand temporary male jobs; 5.3 thousand temporary female jobs and 111 thousand training hours

Key figures (EUR)	Actual	Target
EU Contribution committed	81,913,937	101,100,000
Leverage effect	1.78	2.18
Multiplier effect	13.73	9.89
Envisaged operations	14	13
Financing provided to final beneficiaries	146,114,656	220,000,000
Number of final recipients	208	73
Investments made by final recipients due to the received financing	1,124,743,709	1,000,000,000

### Geographical diversification

The scope of GEEREF is to support regional sub-funds for Sub-Saharan Africa, Caribbean, and Pacific Island States, the countries of the European Neighbourhood Policy and Russia, Latin America, and Asia (including Central Asia and the Middle East). There is a special emphasis on serving the needs of the African Caribbean and Pacific (ACP) countries. The graph below shows the investments made due to the received financing.



### Main issues for the implementation

GEEREF is fully invested, and the investment period ended in 2019. GEEREF has committed to 15 investments of which 14 are still active. No new investments will be concluded and GEEREF is in its monitoring phase. GEEREF will continue to develop and harvest its investments. Over the coming months several funds will enter into the liquidation/winding down stage as they end their life and are exited.

In 2022 GEEREF, its operations and funds, as the worldwide economy, on top of the COVID-19 pandemic consequences, was affected by the effects of the inflation pressures.

## Financial Information

Financial Information (EUR)	Global Energy Efficiency and Renewable Energy Fund (GEEREF)		
Type of instrument (loan, guarantee, equity, blending, other)	Equity		
Year of inception	2007		
Implementing Partner	EIF		
	Notes	2022	All years
<b>EU Contribution</b>	<b>(1)</b>		
Budgetary commitments		0.00	81,100,000.00
<i>of which from third countries</i>		0.00	0.00
<i>of which from reflows</i>		0.00	0.00
Budgetary payments		15,616.65	79,515,616.65
<b>Reflows</b>	<b>(2)</b>		
Revenues		121,653.58	121,653.58
Repayments		0.00	0.00
Total reflows entered into the budget, of which:		121,653.58	121,653.58
<i>to the general budget</i>		121,653.58	121,653.58
<i>returned to be used</i>		0.00	0.00
<b>Losses from operations</b>			
<b>Guarantees</b>			
Guarantees called		0.00	0.00
Guarantee calls recovered		0.00	0.00
<b>Equities</b>			
Realised losses		0.00	0.00
<b>Loans</b>			
Write offs		0.00	0.00
<b>Management fees and other charges</b>			
Administrative fees		95,034.57	1,241,635.43
Incentive fees		0.00	0.00
Treasury management fees		0.00	0.00
Other charges		0.00	3,756,081.00
<b>Revenues</b>			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		0.00	0.00
Net treasury result (including interest) (gains (+) / losses (-))		8,602.14	9,846.27
Net FX gains (+) / losses (-)		0.00	46,612.57
Other revenues		0.00	0.00
	Notes	2022	2021
<b>Risk exposure</b>			
Maximum financial risk exposure		71,070,255.00	65,797,085.00
Value of equity investments		71,070,255.00	65,797,085.00



	<i>Investment at cost</i>		74,301,000.00	74,301,000.00
Value of loans			0.00	0.00
	<i>Loans at cost</i>		0.00	0.00
Financial liabilities and provisions			0.00	0.00
<b>Assets under treasury management</b>				
Balance in the fiduciary bank account (including short term deposits <3months)			3,372,449.43	4,232,265.82
	<i>in euro</i>		3,372,450.00	4,232,265.82
	<i>in non-euro currencies</i>		0.00	0.00
Other financial assets (including short term deposits >3months)			0.00	0.00

### Notes to the financial information

- (1) Commitments and payments from Budget only. Includes TA.
- (2) The reflows have been sent back to the general budget. They will not be re-used.

**Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years**

N/A

## 5.3 Facility for Euro-Mediterranean Investment and Partnership (FEMIP) - Debt instrument

### Description

Identification / Reference to the basic act			
Regulation (EC) No 1638/2006 of the European Parliament and of the Council of 24 October 2006 laying down general provisions establishing a European Neighbourhood and Partnership Instrument (OJ L 310, 9,11,2006, p.1)			
Budget lines			
22.04.51.00 and 14.029901			
(EUR)	2022	2023	2024
<b>Budgetary commitment appropriations</b>	0.00	0.00	0.00
<b>Budgetary payment appropriations</b>	0.00	0.00	0.00

Initial financial envelope <sup>103</sup> :	N/A
Current financial envelope:	N/A
Overall financial envelope:	N/A

### General description

FEMIP was created in October 2002, following the conclusions of the Barcelona European Council in March 2002 stating that private sector development in the Mediterranean region should be enhanced to facilitate a higher level of economic growth. FEMIP combines loans of the European Investment Bank (EIB) with EU budget resources to provide technical assistance, risk capital and interest rate subsidies to promote sustainable economic growth in the region, through investments in infrastructure and especially in private sector development. Operations under FEMIP are implemented in indirect centralised management with EIB. The EIB is entrusted to carry out the implementation of these operations.

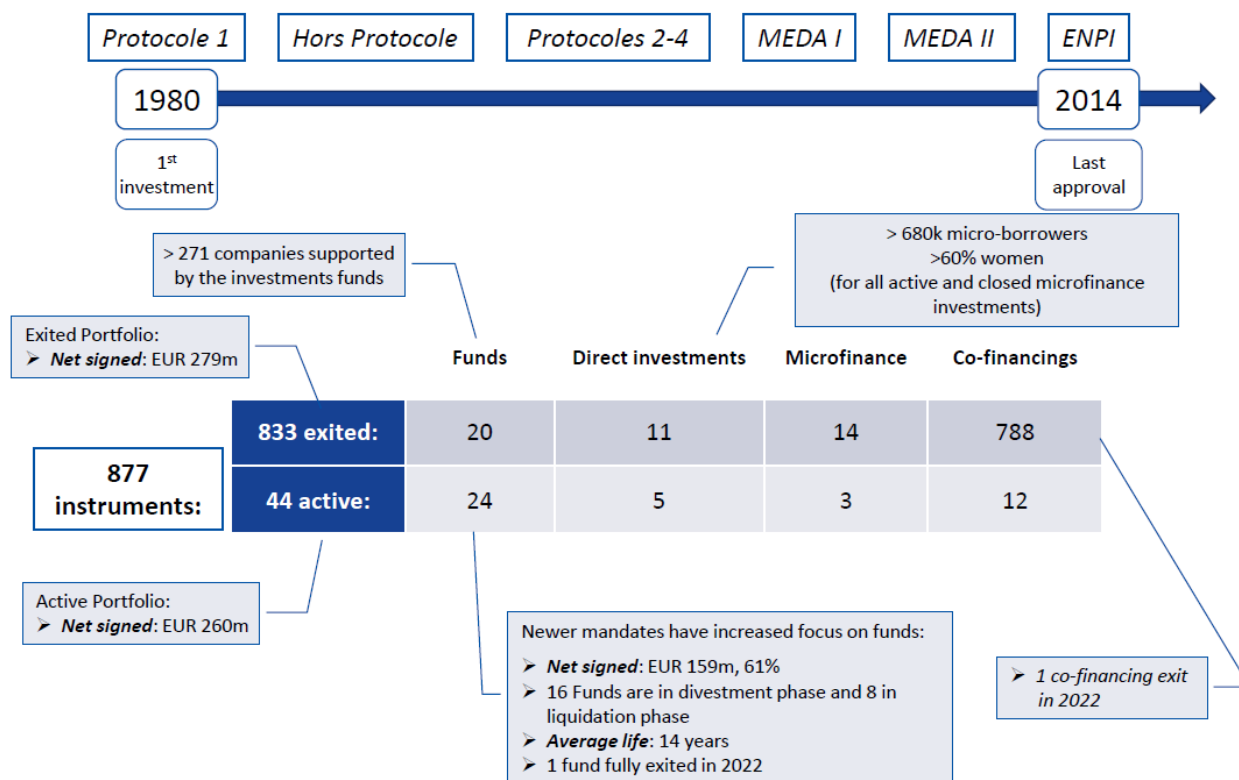
Countries that have received funding so far are Algeria, Egypt, Jordan, Lebanon, Morocco, Palestine<sup>104</sup>, and Tunisia. Cross-border or regional projects are also eligible.

Overview on FEMIP risk capital operations:

The overall FEMIP portfolio is made of 4 different instrument types: Funds, Direct Investments, Microfinance operations and Co-financings.

<sup>103</sup> For the FEMIP there are no voted commitment appropriations at basic act or programming level specifically for financial instruments.

<sup>104</sup> This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the Member States on this issue.



## Duration

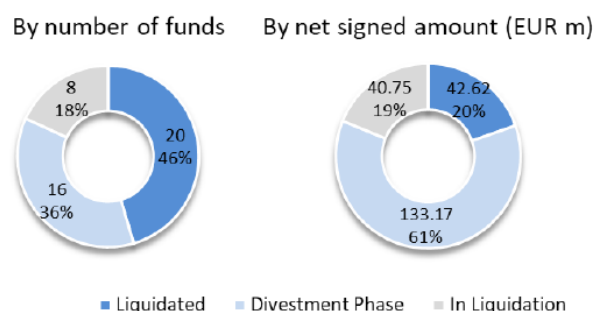
The last commitment in the framework of the FEMIP was decided in 2014, with an effective last payment on 5 February 2016.

## Added value, final recipients and projects

Regarding risk capital operations, the investments helped develop the financial sector and provided a continuous, concrete difference in the local and regional economies. About 1 100 final beneficiaries have been reached through the funds, co-financings, and direct investments made, and more than 680 000 final beneficiaries have been supported through the microfinance operations.

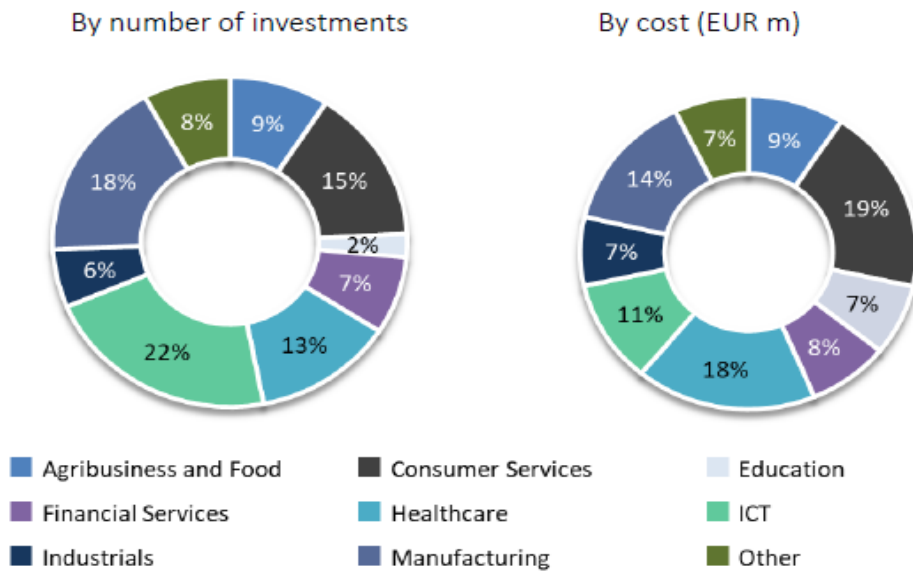
### Maturity of the funds by number and net signed amount

<b>Overall</b>	<b>EUR 236m</b> Net Signed Amount
• <b>44 funds</b> in the Overall Funds Portfolio	
<b>Active</b>	<b>EUR 159m</b> Net Signed Amount
• <b>24 funds</b> in the Active Funds Portfolio	
<b>TVPI</b>	<b>1.03x</b> for the Active Funds Portfolio

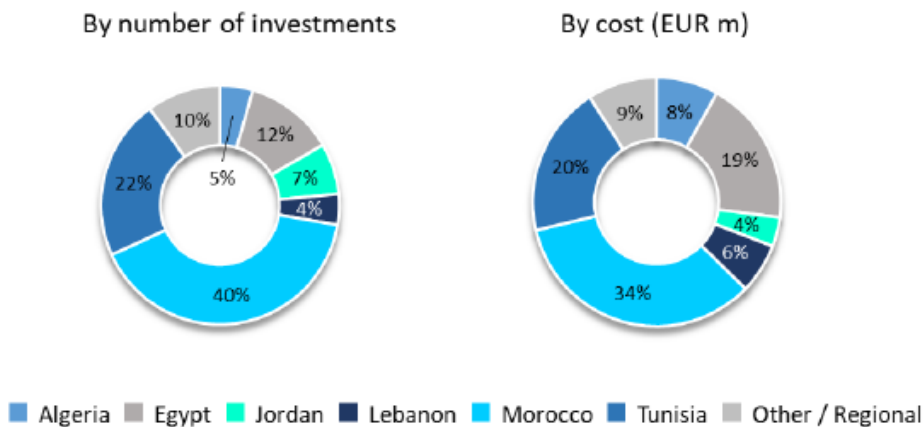


TVPI: Total Value to Paid-in Capital (also known as the ‘Investment Multiple’) is a measure of the performance of a private equity fund. It represents the total value of a fund relative to the amount of capital paid into the fund to date.

### Investment by Sector – final beneficiaries (Overall Funds' Portfolio)

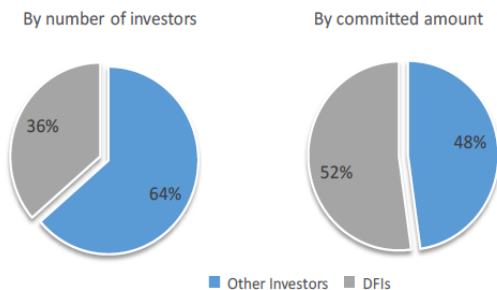


### Investment by Country – final beneficiaries (Overall Funds' Portfolio)



## Financial institutions involved in implementation<sup>105</sup>

### Overview of the co-investors types – Overall fund's portfolio



- Funds achieve a catalytic effect by gathering together and thus leveraging their investors' minority stakes
- The results on investments are maximized by cooperation with the companies' management and finding/creating synergies between the fund's portfolio investments
- DFI investors represent a smaller number but higher commitments than non-DFIs
- DFIs (including EIB) often act as anchor investors, with larger commitments to ensure sustainability of the business model
- Private investors (especially if new to the region and/or to the fund management team) tend to more prudently commit smaller tickets.

The most common DFI co-investors in the region are IFC (World Bank Group), followed by European national development banks and institutions (France, UK, Germany, Belgium, the Netherlands, Switzerland) and Moroccan development institutions.

<sup>105</sup> DFIs means Development Finance institutions.

## Operational Performance

### Contribution to the achievement of the objectives of the programme

Risk capital operations under FEMIP are an important financing instrument for the Mediterranean region as they are providing a stable source of funding, supporting the development of the private sector in an environment with a recognised lack of equity resources:

- They help promote best market standards in the private equity and venture capital sector and encourage necessary policy developments.
- They cover the shortage of equity resources (particularly for SMEs).
- They benefit from the EIB's track record as a shareholder of bringing additional non-financial value by:
  - o attracting other potential investors and thus helping to mobilise funds,
  - o encouraging funds to follow good international market practice in terms of governance and reporting, and
  - o being involved at the board level/investment committee/advisory committee of the beneficiaries.

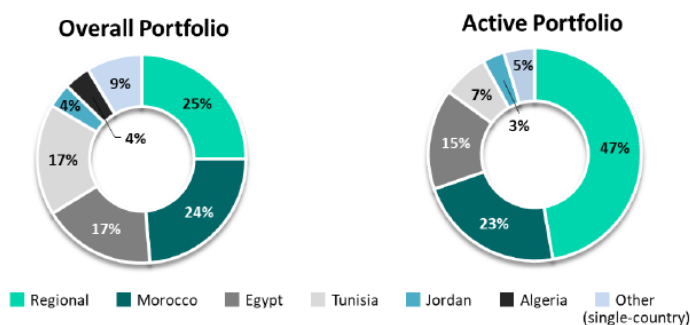
The performance of financial instruments within FEMIP slightly eroded in 2022.

- The performance of the overall FEMIP portfolio (Funds, Direct Investments, Microfinance operations and Co-financings) measured by Total Value to Paid-In (TVPI) is 0.98 x in 2022 which is a slightly worse result than last year. However, sustainable financial instruments under this mandate still support the regional private sector development and job creation.
- The Funds are currently the largest instrument type in the portfolio. Even for them the performance has slightly eroded compared to previous year. The TVPI is 1.06x in 2022 (1.10 x in 2021). The fund investments outperform the other instrument types. Throughout the life of the FEMIP Risk Capital mandates, the funds' business in the region observed significant growth.

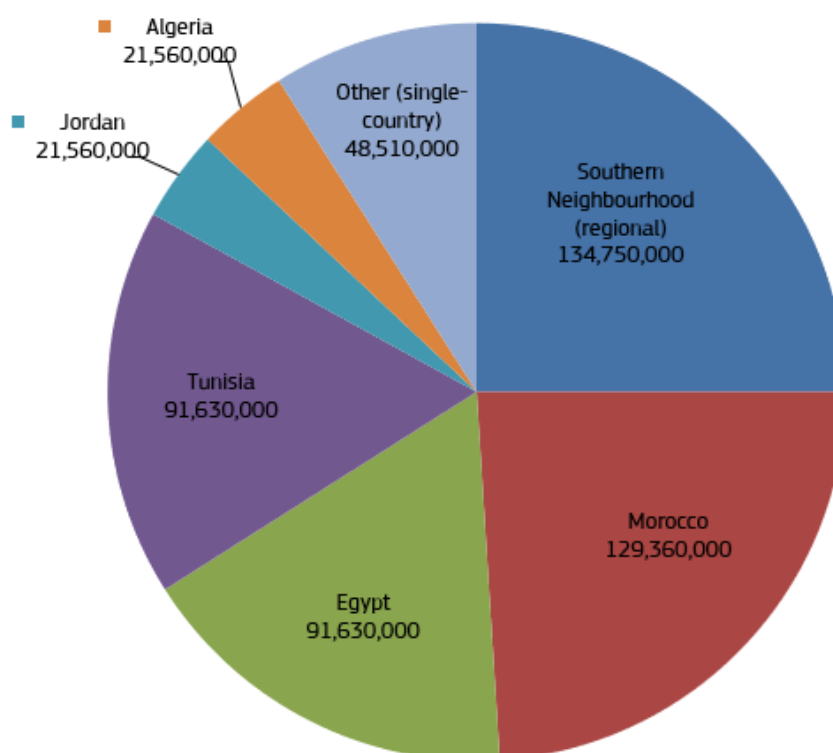
### Geographical diversification

#### Breakdown per Country – by number of investments

*The higher proportion of regional operations in the Active portfolio reflects the maturing market, particularly with respect to recurring fund managers, who feel more comfortable expanding their business beyond their initial single-country focus.*



Overall portfolio (exited and active) per country.



### Main issues for the implementation

The rippling effects of the Ukraine war, the pandemic, the political and economic crises in the Mediterranean countries, the shortage of strategic buyers, the challenging legal and regulatory frameworks acting as exit barriers (even fully exited funds can take years to be fully closed due to administrative burdens) and a very limited secondary market are among the main issues encountered for the implementation of FEMIP risk capital operations. Some recovery from the pandemic was observed in 2022, but the effects of inter alia price evolution of commodities, supply chain challenges, inflation, interest rates increase, devaluation, increase in the unemployment rate are affecting the economies in the region explaining some erosion in the valuation levels of the FEMIP portfolio. Also, the exit pace remains low.

Finally, this is a maturing portfolio. Most funds have or will shortly reach the tail-end phase. This often leads to stagnating or diminishing returns over time.

### Performance, financing and investments

Key figures (EUR)	Actual	Target
EU Contribution committed	362,201,482	362,201,482
Leverage effect	1.49	N/A
Multiplier effect	N/A	N/A
Operations	N/A	N/A
Financing provided to final recipients	539,000,000	N/A
Number of final recipients	681,100	N/A
Investments made by final recipients due to the received financing	N/A	N/A

### Financial Information

Financial Information (EUR)	Facility for Euro-Mediterranean Investment and Partnership (FEMIP)
-----------------------------	--

Type of instrument (loan, guarantee, equity, blending, other)	Blending		
Year of inception	2002		
Implementing Partner	EIB		
	Notes	2022	All years
<b>EU Contribution</b>			
Budgetary commitments		0.00	362,201,481.61
<i>of which from third countries</i>		0.00	0.00
<i>of which from reflows</i>		0.00	0.00
Budgetary payments		0.00	362,201,481.61
<b>Reflows</b>	(1)		
Revenues		0.00	3,116,742.15
Repayments		0.00	59,125,523.63
Total reflows entered into the budget, of which:		0.00	62,629,265.78
<i>to the general budget</i>		0.00	36,484,845.45
<i>returned to be used</i>		0.00	26,144,420.33
<b>Losses from operations</b>			
<b>Guarantees</b>			
Guarantees called		0.00	0.00
Guarantee calls recovered		0.00	0.00
<b>Equities</b>			
Realised losses		0.00	322,002.00
<b>Loans</b>			
Write offs		0.00	0.00
<b>Management fees and other charges</b>			
Administrative fees		978,835.00	15,088,623.01
Incentive fees		0.00	0.00
Treasury management fees		0.00	0.00
Other charges		3,219.00	21,491,617.00
<b>Revenues</b>			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		0.00	5,581,867.00
Net treasury result (including interest) (gains (+) / losses (-))		79,390.00	1,068,765.00
Net FX gains (+) / losses (-)		215,155.00	1,573,876.41
Other revenues		0.00	1,043,091.00
	Notes	2022	2021
<b>Risk exposure</b>			
Maximum financial risk exposure		62,096,965.63	75,119,164.63
Value of equity investments		55,681,992.08	67,326,744.08
<i>Investment at cost</i>		75,187,431.69	75,903,675.69
Value of loans		-0.45	-0.45
<i>Loans at cost</i>		1,469,979.38	1,384,319.00
Financial liabilities and provisions		0.00	0.00
<b>Assets under treasury management</b>			

Balance in the fiduciary bank account (including short term deposits <3months)		12,335,614.00	9,731,392.00
	<i>in euro</i>	8,657,399.14	6,237,895.91
	<i>in non-euro currencies</i>	3,678,215.19	3,493,496.25
Other financial assets (including short term deposits >3months)		0.00	0.00

### Notes to the financial information

(1) In 2022, there was no reflows for the Facility for Euro-Mediterranean Investment and Partnership (FEMIP). In total, the Commission recovered EUR 36,484,845.45 which entered into budget and EUR 26,144,420.33 of distributions which have been returned to the financial instrument.

**Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years**

N/A



## 6.1 Neighbourhood Investment Platform (NIP)

### Description

Identification / Reference to the basic act			
Regulation (EC) No 1638/2006 of the European Parliament and of the Council of 24 October 2006 laying down general provisions establishing a European Neighbourhood and Partnership Instrument.			
Regulation (EU) No 232/2014 of the European Parliament and of the Council of 11 March 2014 establishing a European Neighbourhood Instrument.			
Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action. Regulation (EU) 2021/947 of the European Parliament and of the Council of 9 June 2021 establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe, amending and repealing Decision No 466/2014/EU of the European Parliament and of the Council and repealing Regulation (EU) 2017/1601 of the European Parliament and of the Council and Council Regulation (EC, Euratom) No 480/2009.			
Budget lines			
14.02011, 14.020111			
(EUR)	2022	2023	2024
<b>Budgetary commitment appropriations</b>	10,200,000	N/A	N/A
<b>Budgetary payment appropriations</b>	5,645,584	N/A	N/A
<b>Initial financial envelope<sup>106</sup>:</b>	N/A		
<b>Current financial envelope:</b>	N/A		
<b>Overall financial envelope:</b>	N/A		

### General description

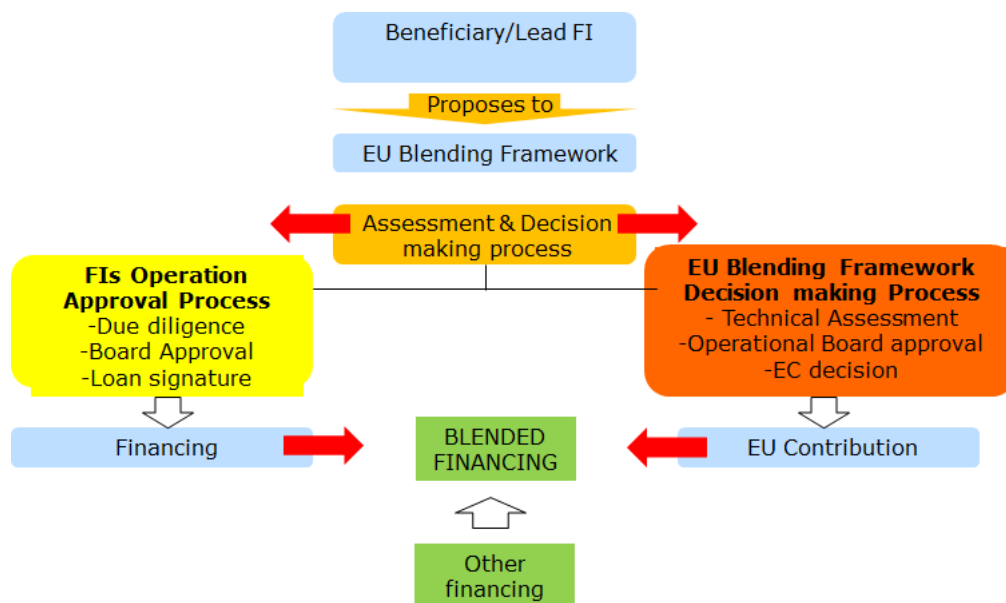
The NIP blending facility is supporting investments from pillar-assessed financial institutions in the Neighbourhood South and the Neighbourhood East regions via technical assistance, investment grants, equity or funded guarantees. Blending operations are aligned with EU priorities such as inclusive and sustainable growth and the green transition, and consistent with the national policies in the supported sectors.

Blended finance has a strong potential in terms of crowding-in, leveraging or catalysing additional financing, including from private and commercial sources. In selected sectors and countries, EU blending resources are deployed through existing or new financial instruments in order to leverage further resources that would otherwise not support development outcomes. Financial instruments therefore contribute to sustainable development. The Neighbourhood Investment Platform combines resources from the EU budget and additional resources from EU Member States and uses them to leverage loans and other financial instruments from International Financial Institutions, as well as contributions from partner countries and other investors, and/or beneficiaries.

The NIP is part of the European Fund for Sustainable Development Plus (EFSD+) which constitutes an integrated financial package supplying financing capacity in the form of grants, technical assistance, financial instruments, budgetary guarantees and blending operations worldwide. As set out in Article 32 of the NDICI – Global European Regulation, the Neighbourhood Investment Platform is one of the regional investment platforms under the EFSD+.

<sup>106</sup> For the NIP there are no voted commitment appropriations at basic act or programming level specifically for financial instruments.

The NIP is characterised by open and transparent project selection and decision-making processes. The European Commission chairs the NIP Board, which constitutes of members from the European Commission, EU Member States and the European External Action Service as voting members, and Implementing Partners, as observers. The NIP Secretariat, managed by DG NEAR, is the entry point for grant requests and follows up the entire assessment and decision-making process from identification of the project until contracting. Implementing Partners interested in financing a NIP blending operation identify a project based on the partner country's priorities and in dialogue with the EU Delegation and local partners in that country. Only projects that have been identified as priorities and are part of the pipeline can be proposed for funding. For this purpose, a lead finance institution is designated to submit the proposal and presents the project to the Technical Assessment Meeting, a group chaired by the Commission and including all eligible finance institutions. Lead finance institutions then present the mature requests for contribution to the NIP Board, which issues an opinion as to which projects will benefit from NIP funding.



The operations reported in the section entitled “key figures” are a limited sub-set of financial instruments in the form of equity or bank guarantees, which require opening a fiduciary account on behalf of the European Commission by a partner institution. The other operations undertaken within the framework of NIP (e.g., providing TA or investment grants) are not included in the below.

## Duration

The NIP blending facility is operational since 2008.

## Added value, final recipients and projects

Overall, the NIP has demonstrated to be a successful aid modality throughout its existence. It has fully delivered on its objectives by supporting the development of a favourable environment for investments to be made in its priority sectors and countries by creating markets, setting up demonstration projects in specific sectors such as for instance energy and environment, and enhancing access to finance for underserved areas and vulnerable groups. Thanks to the leverage effect, it has strengthened the impact of EU funding compared to previous years, which would be difficult to achieve without the NIP. In addition to the financial leverage, the NIP has also given projects considerable qualitative leverage. These benefits are both socio-economic and environmental and thus not always easily measurable in financial terms. For instance, technical assistance grants have improved project design and enhanced the management and quality of projects (e.g., through capacity building). For support to MSME projects, technical assistance has been used to address market gaps and inefficiencies on both the supply and demand sides. Local financial intermediaries have learned how to tailor their products and communication to the specific needs of the MSME market, and potential borrowers have increased their capacity in preparing bankable projects and reinforce business

linkages. This support has enhanced the development impact of projects and ensured achievement of sustainable results.

Since 2014 allocations to the NIP from the EU budget have reached a total of EUR 3 billion, of which approximately EUR 1.2 billion for projects in the Eastern Partnership region and EUR 1.8 billion for the Neighbourhood South. This has enabled the launching of over 183 projects with NIP support, including 85 in the Eastern Partnership region and 98 in the Southern Neighbourhood. The NIP has succeeded in mobilising approximately EUR 24 billion of financing from European and International Financial Institutions since 2014, implying an average leverage ratio of 8 times for every euro provided by the NIP. Additional amounts have been mobilised from other public and private co-investors reaching a total mobilisation of EUR 36 billion.<sup>107</sup>

### **Financial institutions involved in implementation**

In principle, any pillar-assessed Financial Institution can submit a project proposal to be supported by the NIP. Since 2008, the following financial institutions benefited from NIP support: EBRD, EIB, KfW, AFD, Proparco, CEB, BGK and NEFCO.

## **Operational Performance**

### **Contribution to the achievement of the objectives of the programme**

The NIP has enabled the EU to meet some of the key objectives in terms of sustainable economic development in Europe's neighbouring countries. It has mobilised public and private resources for an enhanced development impact in areas such as private sector development, waste, energy, environment, water and sanitation, education, transport, and information and communication technologies.

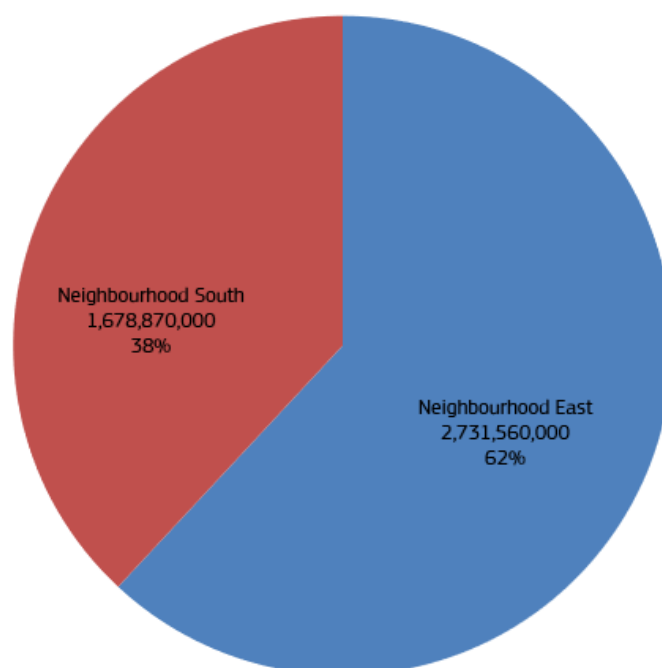
For instance, under the European Fund for Southern Europe (EFSE) implemented mainly through Kreditanstalt für Wiederaufbau (KfW), the world's largest microfinance fund, funded by the NIP, 1,137,200 sub-loans have been provided to Micro and Small Enterprises (MSEs) and households in Southeast Europe, Türkiye and the Eastern Neighbourhood region as of September 2022. By providing long-term financing to end-borrowers, the fund supported more than 2 million jobs by MSEs. Furthermore, due to easier access to loans for housing modernisation measures, a sustainable improvement in housing quality could be achieved in the beneficiary countries.

Another example is the "Deep and Comprehensive Free Trade Area (DCFTA) Facility" implemented by the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD). The Facility aims to improve access to finance for small and medium-sized enterprises in Georgia, Moldova and Ukraine to support them reaping the full benefits of the DCFTAs which also contributes to the implementation of the Economic and Investment Plan for the Eastern Neighbourhood. The DCFTA Facility offers a combination of guarantee and technical assistance for local banks with grants and advisory services for local SMEs.

### **Geographical diversification**

The investments made by final recipients due to the received financing are geographically divided as follows:

<sup>107</sup> The figures referred to in this paragraph refer to NIP as a whole and not only the financial instruments.



### Main issues for the implementation

The Neighbourhood Investment Platform faces challenges at different stages of its implementation. First, the reduction of resources available under the NIP, reflecting to a large extent the shift towards a greater use of budgetary guarantees under the EFSD+, makes the selection of projects under the NIP stricter. Therefore, a rigorous prioritisation of the various projects proposed by implementing partners is required.

The NIP Secretariat and geographical colleagues ensure that selected projects are fully aligned with EU priorities and the priorities and flagships of the Economic and Investment Plan for the Eastern Partnership and the Neighbourhood South. Against this background, close coordination with the EU delegations and local partners is necessary at each stage of the project. Efforts to enhance cooperation with EU delegations from the preliminary stage of the proposal have been made by Financial Institutions and could be further enhanced going forward.

An assessment is also carried out on the basis of the additionality that the EU contribution will bring in terms of benefits and results, notably as regards development impact, in comparison to what would have been achieved without the EU contribution. The additionality varies depending on the context and is driven by country, sector, market and project characteristics. In particular, the “financial additionality” assessment involves quantitative considerations of the cost-effectiveness, efficacy and efficiency of the EU contribution for the achievement of relevant policy objectives, and notably for maximising positive impact on the ultimate beneficiaries. The “development additionality” takes into consideration the capacity of the programme to contribute towards results that are not easily quantifiable, such as for instance the introduction or increase in the quantity and quality of services available in the targeted market.

In terms of implementation, contracting of approved contributions under the NIP can sometimes take considerable time, especially as regards contracting of financial instruments. This is notably due to ongoing discussions on horizontal legal issues between the Commission and the Financial Institutions. Also, visibility of projects funded under the NIP could be further enhanced by the EU and Financial Institutions, in order to mobilise further (private) investments and showcase the positive impact of EU funding.

### Performance, financing and investments

Key figures (EUR)	Actual	Target
EU Contribution committed	626,355,490	N/A
Leverage effect	4.71	N/A

Key figures (EUR)	Actual	Target
Multiplier effect	7.04	N/A
Operations	N/A	N/A
Financing provided to final recipients	2,325,430,000	N/A
Number of final recipients	N/A	N/A
Investments made by final recipients due to the received financing	4,410,430,000	N/A

## Financial Information

Financial Information (EUR)	Neighbourhood Investment Platform (NIP)		
Type of instrument (loan, guarantee, equity, blending, other)	Blending		
Year of inception	2008		
Implementing Partner	AFD, CEB, PROPARCO, NEFCO, EIB, EBRD, KfW, BGK		
	Notes	2022	All years
<b>EU Contribution</b>			
Budgetary commitments		10,200,000.00	626,355,490.35
Budgetary payments		5,645,584.52	466,187,127.27
<b>Reflows</b>			
Total reflows entered into the budget, of which:		0.00	0.00
<i>to the general budget</i>		0.00	0.00
<i>returned to be used</i>		0.00	0.00
<b>Losses from operations</b>			
<b>Guarantees</b>			
Guarantees called		1,777,569.00	7,900,417.00
Guarantee calls recovered		284,308.00	335,905.00
<b>Equities</b>			
Realised losses		0.00	0.00
<b>Loans</b>			
Write offs		0.00	0.00
<b>Management fees and other charges</b>			
Administrative fees		1,806,423.67	6,845,684.52
Incentive fees		0.00	2,954,394.00
Treasury management fees		0.00	125,000.00
Other charges		3,339,810.32	22,523,829.23
<b>Revenues</b>			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		523,318.00	1,474,160.29
Net treasury result (including interest) (gains (+) / losses (-))		124,391.26	-1,130,438.79
Net FX gains (+) / losses (-)		1,235,802.25	1,933,985.06
Other revenues		2,111,943.00	2,134,057.47
	Notes	2022	2021
<b>Risk exposure</b>			

Maximum financial risk exposure		331,673,781.44	346,728,326.26
Value of equity investments		235,314,810.72	264,092,817.54
Value of loans		0.00	0.00
Financial liabilities and provisions		9,004,901.54	11,704,135.85
<b>Assets under treasury management</b>			
Balance in the fiduciary bank account (including short term deposits <3months)		95,028,607.70	101,539,703.01
Other financial assets (including short term deposits >3months)		4,893,491.00	8,062,533.00

### **Notes to the financial information**

N/A

**Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years**

N/A

## Financial information per implementing partner and instrument

EUR

Implementing Partner	Notes		EBRD	EIB	KfW	BGK	Total
Number of instruments			8	5	11	1	25
Budgetary commitments		2022	-	-	-	10,200,000	10,200,000
		Aggregated	113,061,000	220,446,000	282,648,490	10,200,000	626,355,490
Budgetary payments		2022	521,837	3,439,047	1,684,701	-	5,645,585
		Aggregated	83,865,000	112,654,046	269,668,081	-	466,187,127
Amounts committed by the Implementing Partner	Grants (including TA)	2022	N/A	N/A	N/A	N/A	-
		Aggregated	-	-	-	-	-
	Financial instruments	2022	N/A	N/A	N/A	N/A	-
		Aggregated	849,400,000	968,500,000	507,530,000	-	2,325,430,000
	Own resources	2022	N/A	N/A	N/A	N/A	-
		Aggregated	-	-	-	-	-
Administrative expenditure	Management fees	2022	33,578	611,534	1,161,312	N/A	1,806,424
		Aggregated	4,375,736	3,404,382	2,144,961	-	9,925,079
	Other charges	2022	1,931,291	436,421	972,099	-	3,339,810
		Aggregated	17,282,249	2,161,934	3,079,646	-	22,523,829
	Total	2022	1,964,869	1,047,955	2,133,410	N/A	5,146,234
		Aggregated	21,657,985	5,566,316	5,224,607	-	32,448,908

Financial Information (EUR)	EFSE - EU4Business: Local Currency Lending to SMEs in the Eastern Partnership		EIB DCFTA PHASE II		EU4Business - the EU Local Currency Partnership Initiative: The European Fund for Southeast Europe (KfW)		European Fund for Southeast Europe (KfW)		EU Trade and Competitiveness Programme for Egypt and Jordan (EBRD)	
	2022	All years	2022	All years	2022	All years	2022	All years	2022	All years
Type of instrument (loan, guarantee, equity, blending, other)	Blending		Blending		Blending		Blending		Blending	
Year of inception	2019		2016		2018		2009		2019	
Implementing Partner	KfW		EIB		KfW		KfW		EBRD	
<b>EU Contribution</b>										
Budgetary commitments	0.00	39,921,000.00	0.00	41,550,000.00	0.00	50,320,000.00	0.00	5,100,000.00	0.00	25,720,000.00
Budgetary payments	30,000.00	34,031,000.00	0.00	55,000.00	60,000.00	49,340,000.00	0.00	5,100,000.00	0.00	11,180,000.00
<b>Reflows</b>										
Total reflows entered into the budget, of which:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>to the general budget</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>returned to be used</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Losses from operations</b>										
<b>Guarantees</b>										
Guarantees called	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Guarantee calls recovered	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Equities</b>										
Realised losses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Loans</b>										
Write offs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Management fees and other charges</b>										
Administrative fees	200,487.00	239,999.00	0.00	0.00	144,960.00	340,000.70	0.00	0.00	15,991.00	64,446.24
Incentive fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Treasury management fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other charges	418,634.00	872,154.40	0.00	0.00	65,572.00	212,569.67	0.00	0.00	0.00	0.00
<b>Revenues</b>										
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net treasury result (including interest) (gains (+) / losses (-))	0.00	-0.93	0.00	0.00	-0.59	-0.59	0.00	-322,651.00	21,284.17	50,725.46
Net FX gains (+) / losses (-)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30,911.00	24,550.72
Other revenues	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Risk exposure</b>										
Maximum financial risk exposure	24,910,001.79	33,296,161.24	0.00	0.00	57,624,592.94	50,699,542.84	4,684,586.15	4,564,901.45	7,745,771.99	4,914,021.43
Value of equity investments	24,910,001.79	33,296,161.24	0.00	0.00	57,624,592.94	50,699,542.84	4,684,586.15	4,564,901.45	7,693,055.99	4,914,021.43
Value of loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial liabilities and provisions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Assets under treasury management</b>										
Balance in the fiduciary bank account (including short term deposits <3months)	0.00	0.00	55,000.00	0.00	0.00	0.00	0.00	0.00	392,545.00	719,180.51
Other financial assets (including short term deposits >3months)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00



Financial Information (EUR)	Green for Growth Fund - Extension to Neighbourhood East II (for Armenia, Azerbaijan, Belarus, Georgia, Moldova,		Green for Growth Fund (GGF) - COVID 19-RESPONSE in the Southern Neighbourhood (NIP GGF C-shares Southern		Green for Growth Funds L-Shares Georgia (10 MEUR)		Green for Growth Fund to the Eastern Neighbourhood Region (EIB)		MENA Fund for Micro, Small and Medium Enterprises III SANAD	
Type of instrument (loan, guarantee, equity, blending, other)	Blending		Blending		Blending		Blending		Blending	
Year of inception	2019		2019		2019		2019		2019	
Implementing Partner	KFW		KFW		KFW		EIB		KFW	
	2022	All years	2022	All years	2022	All years	2022	All years	2022	All years
<b>EU Contribution</b>										
Budgetary commitments	0.00	11,320,000.00	0.00	43,600,000.00	0.00	43,250,000.00	0.00	13,350,000.00	0.00	23,490,000.00
Budgetary payments	60,000.00	10,340,000.00	20,000.00	43,190,000.00	20,000.00	42,790,000.00	0.00	13,350,000.00	68,658.43	22,938,547.83
<b>Reflows</b>										
Total reflows entered into the budget, of which:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>to the general budget</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>returned to be used</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Losses from operations</b>										
<b>Guarantees</b>										
Guarantees called	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Guarantee calls recovered	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Equities</b>										
Realised losses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Loans</b>										
Write offs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Management fees and other charges</b>										
Administrative fees	144,959.00	340,000.00	113,089.00	140,000.00	200,158.00	240,000.00	0.00	0.00	181,413.00	383,808.25
Incentive fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Treasury management fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other charges	0.00	0.00	148,780.00	359,552.00	121,429.00	374,406.00	426,870.51	2,119,605.31	0.00	0.00
<b>Revenues</b>										
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net treasury result (including interest) (gains (+) / losses (-))	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-28,518.69	0.00	0.00
Net FX gains (+) / losses (-)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	427,979.26
Other revenues	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>Risk exposure</b>										
Maximum financial risk exposure	0.00	7,153,934.40	17,539,915.00	24,951,720.00	22,720,364.00	40,309,780.00	0.00	7,808,724.00	17,678,850.00	17,796,362.87
Value of equity investments	0.00	7,153,934.40	17,539,915.00	24,951,720.00	22,720,364.00	40,309,780.00	0.00	7,808,724.00	17,678,850.00	17,796,362.87
Value of loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial liabilities and provisions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Assets under treasury management</b>										
Balance in the fiduciary bank account (including short term deposits <3months)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	426,870.51	0.00	0.00
Other financial assets (including short term deposits >3months)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Financial Information (EUR)	NIP Armenia SME Finance and Advice Facility (EBRD)		NIP Deep and Comprehensive Free Trade Area (DCFTA) Facility (EBRD) EAST (MOL-GEO-UKR)		NIP Deep and Comprehensive Free Trade Area (DCFTA) Facility (EIB) EAST		NIP Eastern Partnership SME Finance Facility Phase II (EBRD)		NIP Eastern Partnership SME Finance Facility Phase II (KfW)	
Type of instrument (loan, guarantee, equity, blending, other)	Blending		Blending		Blending		Blending		Blending	
Year of inception	2018		2016		2018		2016		2016	
Implementing Partner	EBRD		EBRD		EIB		EBRD		KfW	
	2022	All years	2022	All years	2022	All years	2022	All years	2022	All years
<b>EU Contribution</b>										
Budgetary commitments	0.00	15,380,000.00	0.00	19,430,000.00	0.00	62,746,000.00	0.00	5,200,000.00	0.00	5,200,000.00
Budgetary payments	521,837.00	15,380,000.00	0.00	19,430,000.00	2,220,546.00	60,838,546.00	0.00	5,200,000.00	1,426,043.09	1,791,043.09
<b>Reflows</b>										
Total reflows entered into the budget, of which:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>to the general budget</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>returned to be used</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Losses from operations</b>										
<b>Guarantees</b>										
Guarantees called	0.00	0.00	0.00	0.00	1,768,928.00	3,449,893.00	0.00	4,429,880.00	0.00	0.00
Guarantee calls recovered	0.00	0.00	0.00	0.00	281,398.00	329,480.00	0.00	0.00	0.00	0.00
<b>Equities</b>										
Realised losses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Loans</b>										
Write offs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Management fees and other charges</b>										
Administrative fees	17,587.00	96,895.51	0.00	360,000.00	523,534.00	2,434,382.12	0.00	200,000.00	15,000.00	87,500.00
Incentive fees	0.00	0.00	0.00	2,954,394.00	0.00	0.00	0.00	0.00	0.00	0.00
Treasury management fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other charges	0.00	0.00	1,931,291.00	13,673,678.00	3,170.00	20,529.57	0.00	3,551,578.00	3,102.00	92,220.50
<b>Revenues</b>										
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	0.00	0.00	0.00	0.00	523,318.00	1,474,160.29	0.00	0.00	0.00	0.00
Net treasury result (including interest) (gains (+) / losses (-))	61,393.37	106,810.60	-8,622.03	-229,990.03	-6,060.00	-596,509.63	-168.00	-41,639.00	-305.29	-610.63
Net FX gains (+) / losses (-)	535,739.00	229,044.87	0.00	0.00	-7,955.00	-59,363.28	0.00	-297,803.00	0.00	0.00
Other revenues	0.00	522.47	2,111,843.00	2,111,843.00	0.00	15,065.00	0.00	0.00	0.00	0.00
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>Risk exposure</b>										
Maximum financial risk exposure	7,733,127.64	0.00	0.00	0.00	50,250,264.00	50,955,860.00	0.00	0.00	3,259,555.54	3,435,261.72
Value of equity investments	0.00	0.00	0.00	0.00	2,327,811.00	2,912,860.00	0.00	0.00	0.00	0.00
Value of loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial liabilities and provisions	0.00	0.00	0.00	0.00	2,673,259.00	5,909,129.00	0.00	0.00	3,259,555.86	2,386,257.32
<b>Assets under treasury management</b>										
Balance in the fiduciary bank account (including short term deposits <3months)	7,975,210.47	8,408,452.84	3,252,570.47	3,092,965.00	46,231,806.49	45,314,054.49	58,361.00	58,529.00	7,431.08	11,325.88
Other financial assets (including short term deposits >3months)	0.00	0.00	0.00	0.00	2,503,237.00	2,498,500.00	0.00	0.00	0.00	0.00

Financial Information (EUR)	NIP EU Trade and Comp. Prog. in Morocco, Tunisia, Egypt & Jordan EIB		NIP Risk Capital Facility for Southern Neighbourhood countries (EIB)		NIP SEMED MSME Financial Inclusion Programme (EBRD) SOUTH		NIP Women in Business (EBRD)		NIP MENA Fund for Micro, Small and Medium Enterprises COVID-19 top-up	
Type of instrument (loan, guarantee, equity, blending, other)	Blending		Blending		Blending		Blending		Blending	
Year of inception	2019		2019		2019		2022		2019	
Implementing Partner	EIB		EIB		EBRD		EBRD		KfW	
	2022	All years	2022	All years	2022	All years	2022	All years	2022	All years
<b>EU Contribution</b>										
Budgetary commitments	0.00	51,900,000.00	0.00	50,900,000.00	0.00	27,640,000.00	0.00	5,035,000.00	0.00	29,807,490.35
Budgetary payments	0.00	2,650,000.00	1,218,500.00	35,760,500.00	0.00	27,640,000.00	0.00	5,035,000.00	0.00	29,507,490.35
<b>Reflows</b>										
Total reflows entered into the budget, of which:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>to the general budget</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>returned to be used</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Losses from operations</b>										
<b>Guarantees</b>										
Guarantees called	0.00	0.00	0.00	0.00	0.00	0.00	8,641.00	20,644.00	0.00	0.00
Guarantee calls recovered	0.00	0.00	0.00	0.00	0.00	0.00	2,910.00	6,425.00	0.00	0.00
<b>Equities</b>										
Realised losses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Loans</b>										
Write offs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Management fees and other charges</b>										
Administrative fees	88,000.00	220,000.00	0.00	625,000.00	0.00	500,000.00	0.00	200,000.00	133,659.46	150,000.46
Incentive fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Treasury management fees	0.00	0.00	0.00	125,000.00	0.00	0.00	0.00	0.00	0.00	0.00
Other charges	3,210.00	6,210.00	3,170.00	15,589.00	0.00	58.00	0.00	56,935.00	214,581.81	224,581.81
<b>Revenues</b>										
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net treasury result (including interest) (gains (+) / losses (-))	0.00	0.00	87,623.00	206,804.09	-70,446.00	-547,580.00	32,581.00	214,245.00	0.00	0.00
Net FX gains (+) / losses (-)	0.00	0.00	769,693.00	1,286,382.91	-156,280.00	-331,431.00	260,654.00	198,294.00	-197,982.00	389,745.41
Other revenues	0.00	0.00	0.00	0.00	100.00	228.00	0.00	6,399.00	0.00	0.00
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>Risk exposure</b>										
Maximum financial risk exposure	8,000,000.00	0.00	45,144,298.00	37,321,030.00	14,026,464.00	13,076,326.00	534,855.54	857,921.00	27,672,233.26	26,266,422.39
Value of equity investments	0.00	0.00	30,314,499.00	20,098,030.00	0.00	0.00	0.00	0.00	27,672,233.26	26,266,422.39
Value of loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial liabilities and provisions	0.00	0.00	0.00	0.00	3,071,159.51	3,405,471.53	927.17	3,278.00	0.00	0.00
<b>Assets under treasury management</b>										
Balance in the fiduciary bank account (including short term deposits <3months)	0.00	0.00	4,914,582.00	9,791,572.00	24,452,362.00	24,522,808.00	4,648,449.16	4,360,759.00	389,744.98	4,781,654.60
Other financial assets (including short term deposits >3months)	0.00	0.00	2,390,254.00	5,564,033.00	0.00	0.00	0.00	0.00	0.00	0.00

Financial Information (EUR)	Participation in MENA Fund for Micro-, Small and Medium Enterprises (SANAD) II (KfW)		Participation in MENA Fund for Micro-, Small and Medium Enterprises (SANAD) (KfW)		NIP Women in Business in EaP Phase II		EU-EBRD Local currency		EU Support for Ukrainian MSMEs	
Type of instrument (loan, guarantee, equity, blending, other)	Blending		Blending		Blending		Blending		Blending	
Year of inception	2018		2020		2021		2021		2022	
Implementing Partner	KfW		KfW		EBRD		EBRD		EBRD	
	2022	All years	2022	All years	2022	All years	2022	All years	2022	All years
<b>EU Contribution</b>										
Budgetary commitments	0.00	20,400,000.00	0.00	10,240,000.00	0.00	8,440,000.00	0.00	6,216,000.00	10,200,000.00	10,200,000.00
Budgetary payments	0.00	20,400,000.00	0.00	10,240,000.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Reflows</b>										
Total reflows entered into the budget, of which:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>to the general budget</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>returned to be used</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Losses from operations</b>										
<b>Guarantees</b>										
Guarantees called	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Guarantee calls recovered	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Equities</b>										
Realised losses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Loans</b>										
Write offs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Management fees and other charges</b>										
Administrative fees	27,586.21	167,814.21	0.00	55,838.03	0.00	0.00	0.00	0.00	0.00	0.00
Incentive fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Treasury management fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other charges	0.00	0.00	0.00	944,161.97	0.00	0.00	0.00	0.00	0.00	0.00
<b>Revenues</b>										
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net treasury result (including interest) (gains (+) / losses (-))	351.63	16,884.89	6,760.00	41,591.67	0.00	0.00	0.00	0.00	0.00	0.00
Net FX gains (+) / losses (-)	1,022.25	66,585.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other revenues	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>Risk exposure</b>										
Maximum financial risk exposure	16,516,417.59	15,318,251.15	5,632,484.00	8,002,105.77	0.00	0.00	0.00	0.00	0.00	0.00
Value of equity investments	16,516,417.59	15,318,251.15	5,632,484.00	8,002,105.77	0.00	0.00	0.00	0.00	0.00	0.00
Value of loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial liabilities and provisions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Assets under treasury management</b>										
Balance in the fiduciary bank account (including short term deposits <3months)	18,073.05	16,699.18	2,632,472.00	34,832.00	0.00	0.00	0.00	0.00	0.00	0.00
Other financial assets (including short term deposits >3months)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

## 6.2 Investment Facility for Central Asia (IFCA) & Asian Investment Facility (AIF) & Asia Pacific Investment Facility (APIF)

### Description

Identification / Reference to the basic act			
Regulation (EC) No 1905/2006 of the European Parliament and of the Council of 18 December 2006 establishing a financing instrument for development cooperation.			
Regulation (EU) No 233/2014 of the European Parliament and of the Council of 11 March 2014 establishing a financing instrument for development cooperation for the period 2014-2020.			
Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action.			
Regulation (EU) No 947/2021 of the European Parliament and of the Council of 9 June 2021 establishing the NDICI (Neighbourhood, Development and International Cooperation Instrument - Global Europe)			
Budget lines			
14.029902.01 (previously 14.020130, 14.020131, 14.020132)			
	2022	2023	2024
<b>Budgetary commitment appropriations</b>	112,155,355	202,146,142	0.00
<b>Budgetary payment appropriations</b>	46,497,562	55,022,474	53,806,500

<b>Initial financial envelope:</b>	EUR 50,000,000
<b>Current financial envelope:</b>	EUR 735,000,000
<b>Overall financial envelope:</b>	EUR 1,030,000,000

### General description

The main purpose of these two bending facilities is to promote additional investments with a focus on climate change relevant and "green" investments in the areas of energy, environment, and transport. In addition, the facilities may help to improve access to finance for SMEs and to promote social sector investments.

The facilities include different forms of assistance. It is composed of operations that can take the form of technical assistance, investment grant, equity or guarantee.

#### Investment Facility for Central Asia (IFCA)

Since its creation in 2010, more than EUR 250 million have been allocated to this investment facility by the end of 2021, out of which EUR 165 million under the 2014 – 2020 DCI. This amount has been fully absorbed in support of 38 investment projects which are expected to catalyse investments worth EUR 2.5 billion (a leverage ratio of 10.5).

#### Asian Investment Facility (AIF)

The facility has benefitted under the 2014-2020 period from DCI allocations of nearly EUR 485 million by the end of 2021. Since 2014, the AIF board has approved 50 projects for total contributions of EUR 453 million. AIF has the highest average leverage factor (31.5x).

Main sectors of support were environment and climate change, urban development, energy and agriculture.

#### Asia Pacific Investment Facility (APIF)

In line with the objectives of the Regional Indicative Programme 2021-2027 for Asia-Pacific, the APIF's main objective is the promotion of SDG-related investments through leveraging additional investments in

key infrastructure with a priority focus on climate change-relevant and green investments in environment, energy, sustainable urban development, transport and social infrastructure as well as in SME development. Other priority areas, such as gender equality, digitalization and COVID-related support are also envisaged by APIF.

Amount: EUR 295 472 500 for 2021-2023

Expected leverage: 22

Number of projects already approved by the APIF board: 8

### **Financial institutions involved in implementation**

Individual projects financed under IFCA and AIF are implemented through indirect management mode. This means that the Commission delegates budget implementation tasks to eligible Financial Institutions, which have successfully undergone an ex-ante assessment in accordance with Article 61(1) of Regulation (EU, Euratom) No 966/2012.

Budget implementation tasks consist of the launch of public procurement and grant award procedures and of concluding and managing the resulting contracts as well as execution of payments. The entrusted Member State agency or international organisation shall also monitor and evaluate the project and report on it.

The main **IFCA** partner has been EBRD, for which, during the 2014-2020 period, 14 projects were supported totalling EUR 118m, followed by AFD, EIB and KfW. However, the Commission is reaching out to other partners, including private sector arms of European development financial institutions such as, for example, the French PROPARCO.

AFD is the first recipient of **AIF**, followed by KfW and ADB, then EBRD, EIB and FMO (in terms of volume of funds managed).

## **Operational Performance**

The following two sections, *Operational Performance* and *Financial Information*, present the implementation, in figures, of the 6 financial instruments of the facilities IFCA and AIF, which take form of equity or bank guarantees and required opening a fiduciary account on behalf of the European Commission by a partner institution.

### **Financial instruments implemented under the facilities**

#### **1. Microfinance Initiative for Asia Debt Fund (MIFA)**

The basic objective of the MIFA Debt Fund is the support of micro and small enterprises (MSEs) and low-income households (private sector development) and offer a flexible range of market based financial instruments to sound microfinance institutions (MFIs) in the region enabling them to provide MSEs and low-income households with appropriate financial products.

The EU contribution of EUR 7,2 million is dedicated to the support of micro and small enterprises (MSEs) and low-income households (private sector development) and to offer a flexible range of market based financial instruments to sound microfinance institutions (MFIs) in the region enabling them to provide MSEs and low-income households with appropriate financial products. The financial instrument has been running since December 2012, when the Delegation Agreement with KfW was signed and the contract end date of activities is the 31/12/2026.

The MSE sector provides a significant contribution to economic development in Asia. MSEs make up for about 90% of all companies in most Asian economies and contribute to a large part of national GDP. MSEs are very important for job creation and employment and are also drivers of innovation and growth in particular in rural areas. MFI clients are to a significant extent involved in setting up MSEs.

The portfolio at the end of December 2022 was at USD 134.1 million across eleven countries. During the fourth quarter of 2022, the Fund disbursed three loans for a total amount of USD 13.9 million. East Asia and Pacific remains the largest region (41.5%), followed by South Asia (39.5%) and Central Asia (19.0%). For example, Bina Artha Ventura (one of the microfinance institutions involved), is one of the largest microfinance organisations in Indonesia, focusing on low-income women, as well as business loans for small enterprises. As per end of November 2022, the institution reached over 459,000 female clients through its network of over 400 branches.

## 2. Support for Mongolian Economic Diversification through SME

The Programme targets micro, small and medium-sized companies in a variety of industries, excluding the extractive industries. It covers all 21 provinces of Mongolia and aims to increase financing for rural SMEs. It improves and increases the access of SMEs to finance through loans to Mongolian commercial banks for on-lending to SMEs.

The initial EUR 9,260,000 AIF contribution to the Programme signed in December 2015 (Agreement No DCI-ASIE/2015/370-485) was replenished by EUR 2,550,400 in December 2018 (Addendum 1, ACA/2018/400-633). The total EUR 11,810,400 of the AIF funding, which consists of the Autonomous Technical Assistance (“TA”) of up to EUR 7,610,400 and the Risk Sharing and Guarantees of up to EUR 4,200,000, supports four different types of EBRD activities (“Instruments”), in particular:

- indirect financing to SMEs via credit lines to partner financial institutions (“PFIs”) for on-lending to mostly micro and small-sized companies (Instrument 1);
- risk sharing/co-financing with PFIs on their loans to SMEs and EBRD’s tailored direct finance to SMEs (Instrument 2);
- business advice to MSMEs (Instrument 3);
- policy dialogue to improve the business environment and domestic financial intermediation, to develop new financial products and to strengthen business associations (Instrument 4).

Since the start of the implementation, the Programme has led to EUR 92.7 million of financing to local SMEs. The leverage ratio achieved is 10 to 1, which is the EUR 92.7 million of financing to SMEs via Instruments 1 and 2 and the EUR 10.2 million EU contribution so far divided by the EU contribution.

Particularly, under Instrument 1 by end-2022, the EBRD signed 13 MSME-related operations with five local PFIs for a total amount of USD 106,393,469 (EUR 84.5 million equivalent).

Under Instrument 2, the availability of the guarantee has brought about EUR 8.2 million of new lending to local SMEs, with the EBRD providing half of it. The other half was extended by the local XacBank and Khan Bank. The FLRC has so far led to longer-term financing for four SMEs in tandem with local banks and to improving the risk/reward profiles of the loans. The expected results after 10 years however, is to have at least 15 loans to SMEs benefiting from the guarantee cover. The 2017 loan to Uurteel in tandem with XacBank is repaid, the other three loans are successfully repaying. Therefore, the EBRD’s portfolio decreased to EUR 2,051,512 by December 2022, and the committed FLRC amount – to EUR 410,392.

Under Instrument 3, to date, more than 320 small and medium-sized enterprises outside of extractive industries have received business advice in organisational management, marketing and sales, production enhancement, cost reduction and improvement of financial reporting. The SMEs that benefited from such support have created more than 3,000 new jobs. In 2022 approximately 3,000 MSMEs, consultants and stakeholders attended online, hybrid and live events organised under the Programme.

## 3. The SME Finance Facility for Central Asia – Phase 2

The Action aims to provide long-term support to SMEs in Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan, through the deployment of a programme integrating finance and advice. The



programme helps companies to grow, invest more in production and trading capacities, and become more competitive in a sustainable way.

The SME Finance Facility for Central Asia – Phase 2 was signed with EBRD in December 2017 as a successor programme to the “SME Finance Facility for Central Asia”. While the Action has the same purpose of increasing access to finance for small and medium-sized enterprises (SMEs) in the region as the predecessor programme, it excludes indirect financing via partner financial institutions (PFIs) and concentrates on direct financing of SMEs in combination with business advice. The objectives of the Action include the following:

- Increasing the amount of direct financing to SMEs in the region.
- Expanding the limited availability of long-term, tailor-made funding to SMEs, with the involvement of a meaningful number of PFIs.
- Developing SMEs’ capacity to improve competitiveness, access financing and grow through provision of business advice.

The EU’s total contribution to the Action is split between the Technical Assistance (“TA”) of EUR 3.5 million and the first-loss guarantee (the “First Loss Guarantee”) of EUR 4 million. Remuneration, evaluation and communication costs amount to EUR .350 million. The EU has transferred EUR 7.79 million (inclusive of the EUR 350,000 management fee), of which the EBRD has disbursed 89 per cent of TA and legally committed 38 per cent of the First Loss Guarantee.

Since the start of implementation, the Action has brought about EUR 27 million of EBRD direct finance to 19 SMEs in all the five IFCA-eligible countries in the region. The financing, with an average maturity of 4.7 years, has been for working capital needs/capital expenditures to increase the scope of operations and to achieve a smooth functioning of the businesses. The Action has assisted 161 local companies with their capital expenditure decisions, also to improve management, market performance and automation, i.e., with the expertise the SMEs would not be able to obtain or afford otherwise. It helped create more than 1,690 jobs. Up to 38 per cent of clients that received business advice could access financing from the EBRD and/or PFIs. The sectors of assisted enterprises vary, from food and beverage, retail and pharmaceutical to media/communication. Assistance provided to each SME is tailored to its specific needs. As at end 2022, 139 advisory projects have been evaluated. The evaluation showed that more than 65 per cent of SMEs benefiting from this TA-funded business advice have increased turnover and fourteen SMEs have grown exports.

The targeted leverage effect at the end of the Action is 6.6. The achieved leverage effect, with almost EUR 3.4 million of additional finance from PFIs, reaches 5.12.

#### 4. [AgriFI Country Window for Sri Lanka](#)

EDFI AgriFI Sri Lanka Country Window (EUR 8 million from the DCI; Dec 2021-Dec 2035) is part of the global AgriFI facility launched in 2018 composed of different country and regional windows representing a total budget of EUR 120 million. It is fully financed by the EU, contracted between the EU and the FMO and managed by the EDFI Management Company (EDFIMC), which signed Financial Intermediary Agreements with the FMO. The aim is to provide long-term finance to cover capital expenditures and/or working capital needs in the form of debt or equity of between EUR 0,5-5 million, on commercially-oriented terms, to MSMEs active in agri-food value chains and involving smallholder farmers.

The Sri Lankan window has also a specific focus on organic farming (a high priority of the government) and on cold chains and other food processing solutions (to reduce post-harvest loss and food waste as part of the objective under the previous MFF agriculture modernisation and new MFF circular economy/ waste management).

In 2022, the EDFIMC team visited the country to prospect about possible investment opportunities. Unfortunately, with the financial and economic crisis, several prospected entities either fell short of some of



the basic requirements for investment or withdrew their interest for the financing offered by AgriFI. There were no investments made in 2022.

By the end of 2022, only two entities were still being considered for financing. One of them was cleared in principle by the investment committee and has been gone through a due diligence process during the first quarter of 2023.

## 5. Sustainable Private Sector Programme in Central Asia (SPS Kaz)

The regional project SPS CA was signed with EBRD in December 2021. However, as the new overarching FFPA between the EU and EBRD was signed only in October 2022, many specific clauses had to be re-negotiated and re-introduced through an addendum to the contract that was signed in November 2022 and the SPS Programme was not effectively active in 2022. The first EU instalment to the SPS Programme of EUR 3.7 million was paid in December 2022.

The SPS Programme envisages the EU contribution of EUR 5.320.000. It targets private enterprises in Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan, with the focus on micro, small and medium-sized enterprises.

The Action aims to help address the issues affecting the sustainable growth of the private sector in Central Asia through a comprehensive and integrated set of activities combining finance and capacity building. Specifically, it will pursue the following objectives: (i) Supporting private sector through finance; (ii) Encouraging growth, supporting MSMEs in creating employment opportunities; (iii) Aiding financial inclusion; (iv) Promoting regional connectivity and digitalisation; (v) Tackling climate change issues and supporting 'green' investments, technologies and behaviours.

The total cost of the Action is EUR 28,600,000 and it includes:

- EUR 21 million finance to MSMEs in the form of:
  - a) The EU-provided EUR 1 million guarantee of a first loss risk cover that will help deliver longer-term financing and riskier financing for companies that cannot easily access finance (e.g., because of a lack of collateral, innovative character, etc.);
  - b) EBRD credit lines of EUR 17 million to PFIs for on-lending to MSMEs;
  - c) PFIs own financing of EUR 3 million.
- EUR 7.3 million technical assistance (TA) which will be used for tailor-made consultancies and trainings for local MSMEs and local consultants, and matching visits for MSMEs to learn from the experience of the EU countries. The TA will be financed by:
  - a) EU contribution of EUR 4 million;
  - b) EBRD Special Shareholder Fund of EUR 3 million;
  - c) Private companies' contributions of EUR 300 thousand.

Every EUR 1 of the EU Contribution to the Project is estimated to leverage EUR 5.72 in relation to the total investment costs of the Project.

## 6. Building Crisis-resilient SMEs in Mongolia post COVID-19 (ECS2)

The Action is to support the Mongolian micro, small and medium-sized enterprises (MSMEs), predominantly outside of the extractive industries, during and after Covid-19. There are 4 outcomes aimed under this action: 1. PFIs build capacity and continue provision of finance to MSMEs to survive the Covid-19 crisis and to grow; 2. MSMEs are becoming more resilient and expanded (by increased revenues and creation of new jobs); 3. More favourable business environment for MSMEs is created that fosters the growth and addresses the impacts of Covid-19.

The EU contribution under the APIF is EUR 11,000,000 to support this Action. The EU contribution consists of two components:

- Guarantee of EUR 4,020,000, and
- Ancillary support in the form of Technical Assistance (“TA”) of EUR 6,980,000 (including communication costs).

The Action is composed of 4 Instruments:

1. Indirect Financing via Local PFIs (Instrument 1)
2. Direct Financing to Local SMEs (Instrument 2)
3. Business Advice to SMEs (Instrument 3)
4. Policy Dialogue (Instrument 4)

The targeted investment leverage effect of the Action is 3.73: it is calculated by dividing the total cost of the Action by the total amount of the EU blending contribution (EUR 42,860,800/EUR 11,460,800).

The multiplier effect achieved by the Action will be at least 0.56, calculated by dividing the PFIs’ resources attracted under Instruments 1 and 2 by the total amount of the EU blending contribution (EUR 6,400,000/EUR11, 460,800).

Regarding this Action, even though the Agreement was signed at the end of 2021 between EU-EBRD, the actual implementation started only at the end of November 2022, as the FFPA signature had to first materialise to allow for start of implementation (following an addendum). Reporting on results will there only be feasible after one year of implementation.

### **Main issues for the implementation**

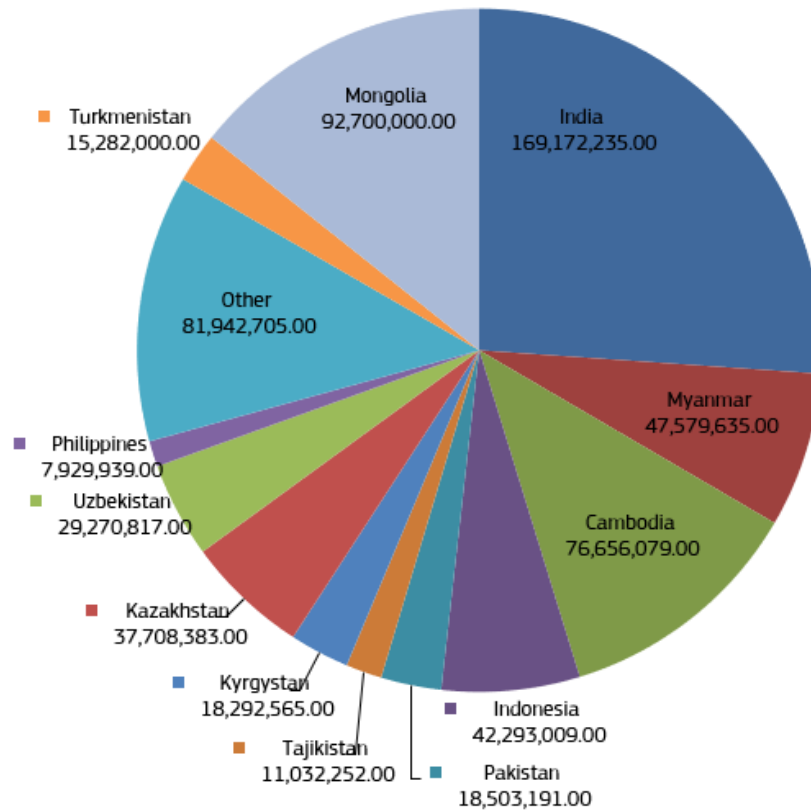
With its blending cooperation, the Commission is promoting the Team Europe approach and leveraging the EFSD+ instrument as a key means of implementing the EU’s Global Gateway strategy.

### **Performance, financing and investments**

Key figures (EUR)	Actual	Target
EU Contribution committed	37,684,315	53,661,200
Leverage effect	17.21	5.04
Multiplier effect	17.39	5.23
Envisaged operations	275	23
Financing provided to final beneficiaries	648,362,810	270,363,108
Number of final recipients	333,433	10,035
Investments made by final recipients due to the received financing	655,314,821	280,409,262

### **Geographical diversification**

The distribution per country of the financing provided to final recipients (EUR 648.37 million) is as follows:



## Financial Information

Financial Information (EUR)	IFCA & AIF & APIF		
		Blending	
Type of instrument (loan, guarantee, equity, blending, other)			
	Notes	2022	All years
<b>EU Contribution</b>			
Budgetary commitments		0.00	53,661,200.00
Budgetary payments		5,822,853.00	37,684,315.00
<b>Reflows</b>	(1)		
Total reflows entered into the budget, of which:		0.00	2,000,000.00
<i>to the general budget</i>		0.00	2,000,000.00
<i>returned to be used</i>		0.00	0.00
<b>Losses from operations</b>			
<b>Guarantees</b>			
Guarantees called		0.00	0.00
Guarantee calls recovered		0.00	0.00
<b>Equities</b>			
Realised losses		0.00	0.00
<b>Loans</b>			
Write offs		0.00	0.00
<b>Management fees and other charges</b>			
Administrative fees		36,365.00	536,540.00
Incentive fees		0.00	0.00

Treasury management fees		0.00	0.00
Other charges		65,811.25	65,811.25
<b>Revenues</b>			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		0.00	0.00
Net treasury result (including interest) (gains (+) / losses (-))		-19,864.87	-93,050.87
Net FX gains (+) / losses (-)		-31,351.00	-75,980.00
Other revenues		0.00	0.00
	Notes	2022	2021
<b>Risk exposure</b>			
Maximum financial risk exposure		12,478,337.14	11,758,704.07
Value of equity investments		10,540,378.73	9,759,341.07
Value of loans		0.00	0.00
Financial liabilities and provisions		552,704.54	569,082.00
<b>Assets under treasury management</b>			
Balance in the fiduciary bank account (including short term deposits <3months)		16,215,365.62	11,120,199.00
Other financial assets (including short term deposits >3months)		0.00	0.00

### Notes to the financial information

- (1) TA funds were recovered and sent back to the general budget as the entrusted entity did not commit the funds within the agreed deadline.

### Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

N/A

## Financial information per implementing partner and instrument

EUR

Implementing Partner	Notes		KFW	EBRD	FMO	Total	
Overall envelope entrusted			9,220,000	36,441,200	8,000,000	<b>53,661,200</b>	
Budgetary commitments		2022	-	-	-	-	
		Aggregated	9,220,000	36,441,200	8,000,000	<b>53,661,200</b>	
Budgetary payments		2022	-	-	-	-	
		Aggregated	9,220,000	23,770,930	4,693,385	<b>37,684,315</b>	
Amounts committed by the Implementing Partner		Grants (including TA)	2022	0	3,639,246	-	<b>3,639,246</b>
			Aggregated	-	14,660,193	-	<b>14,660,193</b>
		Financial instruments	2022	-	1,551,260	-	<b>1,551,260</b>
			Aggregated	7,220,000	3,479,165	-	<b>10,699,165</b>
		Own resources	2022	10256771	1368018	-	<b>11,624,789</b>
			Aggregated	148,284,844	107,926,009	-	<b>256,210,853</b>
Administrative expenditure		Management fees	2022	-	19,989	16,376	<b>36,365</b>
			Aggregated	220,000	300,164	16,376	<b>536,540</b>
		Other charges	2022	-	-	65,811	<b>65,811</b>
			Aggregated	-	-	65,811	<b>65,811</b>
		Total	2022	-	19,989	82,187	<b>102,176</b>
			Aggregated	220,000	300,164	82,187	<b>602,351</b>

Financial Information (EUR)	AgrFI Country Window for Sri Lanka		Building Crisis-Resilient SMEs in Mongolia post Covid-19		Microfinance Initiative for Asia Debt Fund		Support for Mongolian Economic Diversification through SME		Sustainable private sector in Central Asia		The SME Finance Facility for Central Asia - Phase 2	
Type of instrument (loan, guarantee, equity, blending, other)	Equity		Guarantee		Equity		Guarantee		Guarantee		Guarantee	
Year of inception	2021		2022		2012		2016		2022		2018	
Implementing Partner	FMO		EBRD		KfW		EBRD		EBRD		EBRD	
	2022	All years	2022	All years	2022	All years	2022	All years	2022	All years	2022	All years
<b>EU Contribution</b>												
Budgetary commitments	0.00	8,000,000.00	0.00	11,460,800.00	0.00	9,220,000.00	0.00	11,810,400.00	0.00	5,320,000.00	0.00	7,850,000.00
Budgetary payments	0.00	4,693,385.00	2,112,853.00	2,112,853.00	0.00	9,220,000.00	0.00	10,158,077.00	3,710,000.00	3,710,000.00	0.00	7,790,000.00
<b>Reflows</b>												
Total reflows entered into the budget, of which:	0.00	0.00	0.00	0.00	0.00	2,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>to the general budget</i>	0.00	0.00	0.00	0.00	0.00	2,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>returned to be used</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Losses from operations</b>												
<b>Guarantees</b>												
Guarantees called	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Guarantee calls recovered	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Equities</b>												
Realised losses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Loans</b>												
Write offs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Management fees and other charges</b>												
Administrative fees	16,376.00	16,376.00	0.00	0.00	0.00	220,000.00	0.00	200,000.00	0.00	0.00	19,989.00	100,164.00
Incentive fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Treasury management fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other charges	65,811.25	65,811.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Revenues</b>												
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net treasury result (including interest) (gains (+) / losses (-))	-7,114.38	-7,114.38	1,523.00	1,523.00	0.06	0.06	-9,863.55	-33,686.55	914.00	914.00	-5,324.00	-54,687.00
Net FX gains (+) / losses (-)	0.00	0.00	0.00	0.00	0.00	0.00	5,656.00	640.00	0.00	0.00	-37,007.00	-76,620.00
Other revenues	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>Risk exposure</b>												
Maximum financial risk exposure	0.00	0.00	0.00	0.00	10,540,378.73	9,759,341.07	410,302.41	652,606.00	0.00	0.00	1,527,656.00	1,346,757.00
Value of equity investments	0.00	0.00	0.00	0.00	10,540,378.73	9,759,341.07	0.00	0.00	0.00	0.00	0.00	0.00
Value of loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial liabilities and provisions	0.00	0.00	0.00	0.00	0.00	0.00	36,095.54	59,106.00	0.00	0.00	516,609.00	509,976.00
<b>Assets under treasury management</b>												
Balance in the fiduciary bank account (including short term deposits <3months)	3,980,886.62	4,693,385.00	2,112,853.00	0.00	0.00	0.00	2,466,313.00	2,476,177.00	3,710,000.00	0.00	3,945,313.00	3,950,637.00
Other financial assets (including short term deposits >3months)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

## 6.3 Latin America Investment Facility (LAIF) and Latin America and Caribbean Investment Facility (LACIF)

### Description

Identification / Reference to the basic act			
Regulation (EU) No 233/2014 of the European Parliament and of the Council of 11 March 2014 establishing a financing instrument for development cooperation for the period 2014-2020.			
Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action., Regulation (EU) 2021/947 of the European Parliament and of the Council of 9 June 2021 establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe, amending and repealing Decision No 466/2014/EU of the European Parliament and of the Council and repealing Regulation (EU) 2017/1601 of the European Parliament and of the Council and Council Regulation (EC, Euratom) No 480/2009.			
Budget lines			
140299 (former 210201) and 14020140, under the current nomenclature			
(EUR)	2022	2023	2024
<b>Budgetary commitment appropriations</b>	40,000,000	40,000,000	40,000,000
<b>Budgetary payment appropriations</b>	69,136,687	29,058,949	33,159,762
<b>Initial financial envelope:</b>	EUR 180,400,000		
<b>Current financial envelope:</b>	EUR 662,827,945		
<b>Overall financial envelope:</b>	EUR 662,827,945		

### General description:

The main purpose of the Latin America Investment Facility (LAIF) is to promote climate change and environmental protection as well as support to jobs and growth. LAIF promotes investments in infrastructures in the transport, energy, and environment sectors (including water and sanitation as well as agriculture and rural development), in social sectors such as health and education, and in private sector development growth of SMEs. LAIF also includes a climate change window to support partner countries through mitigation and/or adaptation measures.

In 2021, a new facility was set up under NDICI, namely LACIF (Latin America and Caribbean Investment Facility). In 2022, efforts concentrated on building up a strong pipeline for LACIF and one project was signed by year-end. The Facilities (LAIF and LACIF) provide different forms of assistance including technical assistance, investment grant and to a lesser extend equity, or guarantees.

The EU Delegations have an important role in the decision-making process and partner countries have a strong ownership of LAIF/LACIF interventions. The blending framework ensures close coordination between the EU and the implementing financial institutions (both EU Member States' agencies and international/regional).

### Duration

Since its start of operations in 2009, LAIF has provided support to 60 projects. LACIF became operational in 2022. Up to end 2022, grants have been approved for a total amount of EUR 542 million, aiming at mobilising a total investment of approximately EUR 15 billion (total project cost).

### Financial institutions involved in implementation.

Individual projects financed under LAIF/LACIF are implemented through indirect management mode. This means that the Commission delegates budget implementation tasks to eligible financial institutions, which

have successfully undergone an ex-ante assessment in accordance with Article 61(1) of Regulation (EU, Euratom) No 966/2012.

Budget implementation tasks consist mainly of grant award procedures and of concluding and managing the resulting contracts, execution of payments and monitor progress and expected results. The entrusted Member State agency or international organisation also monitors and evaluates the project. The main LAIF/LACIF partner regarding financial instruments has been KfW.

## Operational Performance

In 2009, the EU established the Latin America Investment Facility (LAIF) under the Development Cooperation Instrument (DCI), with a total EU contribution of EUR 180.4 million. From 2014 to 2021 EUR 360 million have been allocated to LAIF from the general budget of the Union (EUR 30 million in 2014; EUR 42.34 million in 2015; EUR 53.87 million in 2016, EUR 53.86 million in 2017, EUR 46.13 million in 2018, EUR 40 in 2019, 52 million in 2020 and 42 in 2021). Up to 2021, in total 60 projects were endorsed by the LAIF Board and contracted, with a LAIF contribution of EUR 522 million including fees. In 2022, LACIF became operational, and five projects were approved by the NDICI board of which one project of EUR 4.2 million (KfW) was contracted. These contributions are expected to leverage investments worth around EUR 15 billion. 39.5% of the facility contribution to the projects was made in the form of investment grant, 48.8% as technical assistance, 8.2% in the form of risk-sharing instruments and guarantees and 3.5% as fees.

The added value of LAIF/LACIF is achieved at different levels, including:

- at the strategy and policy level, LAIF/LACIF provides policy leverage, enhances the supply of public goods, increases EU visibility, considers debt sustainability thresholds, and contributes to aid effectiveness.
- at the financial level LAIF/LACIF, provides financial leverage, contributes to mitigates risks and lower borrowing costs and provides flexibility and tailored assistance to financing needs.
- at the operational level, LAIF/LACIF stimulates financial discipline, efficient management and monitoring, accelerates the pipeline process of investment projects, improves project quality and increases coordination among stakeholders and partners (contributing to Team Europe).

Water Supply and Sanitation (27%), Sustainable Energy (22%) and Support to Small and Medium Enterprises (12%) are the main sectors of the LAIF's portfolio. The LACIF project signed in 2022 relates to the sustainable transport sector (e-mobility).

The expected results of the LAIF/LACIF are to have increased investment in key sectors contributing to:

- 1) improved social services and infrastructures,
- 2) enhanced sustainable energy infrastructure and offer,
- 3) increased environmental protection,
- 4) enhanced climate change mitigation and adaptation,
- 4) creation and growth of SMEs and enhanced employability and employment offers,
- 5) better and environmentally friendly transport infrastructure and more sustainable mobility offer.

The final beneficiaries are the citizens of Latin American countries set out in the DCI Regulation (EC) No 1905/2006 and those set out in Regulation (EU) 233/2014. Special attention is paid to a balanced involvement of the different sub-regions and countries, while ensuring support for quality operation proposals and keeping in mind the absorption capacity of individual countries and regions.

Other beneficiaries, benefitting of the technical assistance that accompany many of the projects, are the private sector and, in particular, SMEs.



## Financial instruments implemented under the facility.

### 1. Eco.business Fund for SME development in Latin America and the Caribbean – Investment Fund –

The Eco.business Fund is a joint initiative of investors supporting the promotion of business and consumption practices that contribute to biodiversity conservation, the sustainable use of natural resources, climate change mitigation and adaptation and is implemented by KFW. The Eco.business Fund seeks investments that yield both financial and environmental returns. The financing can be provided directly or through local financial institutions. In addition, final beneficiaries and local financial institutions can count on high impact technical assistance provided by the Eco-business Development Facility.

In Latin America and the Caribbean, the Eco-business Fund (EBF LAC) focuses on four target sectors: agriculture, forestry, aquaculture and fishery, and sustainable tourism. As part of its mission, the Fund also aims to leverage the capital provided by public investors by mobilising resources from the private sector. At the end of 2022, private investors made up 44% of EBF LAC's USD 686 million total nominal funding.

The EBF LAC's outstanding loan portfolio reached USD 650m in 2022, distributed across ten countries and 34 partner institutions. The end-borrowers financed during 2022 by EBF LAC are predominantly engaged in the production and transformation of sugar cane, coffee, farmed fish and shrimp, and tourism related services. EBF LAC has provided 34,934 sub-loans to end borrowers via its Partner Institutions since its inception. 18% of these sub-loans are linked to certified producers.

The Development Facility ("DF") of the EBF LAC successfully continued to support the objectives of the Fund and its partners in 2022. Throughout the year, 12 new projects (loan agreements) were signed with financial institutions. The EBF LAC DF's activities in 2022 ranged from supporting an end-borrower in implementing a carbon neutral management system, developing a green financial product based on the Fund's eligibility criteria, implementing environmental and social management systems, to event sponsorship and capacity building. Thereby, the EBF LAC DF continues to directly respond to stakeholder needs. Furthermore, the DF successfully conducted a Mid-Term Review of its and the Fund's activities.

The EU contribution was fully disbursed in 2020. The project is yearly accompanied by a progress report and a steering committee to which the EU participates.

### 2. Green Bonds Fund (LAGREEN)

LAGREEN is the first green bonds fund in Latin America and is implemented by KFW. Its main purpose is to finance climate- and resource-friendly investments and to mobilise local and international private capital towards the issuance of green bonds in Latin America. LAGREEN is structured as a public-private partnership. This blended finance model offers different capital tranches that provide multiple risk-return profiles. Public investors and development finance institutions invest in junior and senior shares. Subordinated notes are purchased by development finance institutions and institutional private investors. These contributions provide a risk cushion for senior notes, the most protected investment instrument of the fund, which are exclusively offered to private investors. A Technical Assistance Facility (TAF), a separate vehicle created with funding from the EU and BMZ, provides support to issuers and promotes an overall conducive environment for green bonds. The fund is managed by Finance in Motion a Luxembourg SICAV. The specific objectives of this fund are:

- to mobilise additional funding for Nationally Determined Contributions (NDC) implementation;
- to stimulate local capital market development towards a transition to sustainable finance – thereby fostering transparency and long-term commitments in financial and economic activity;
- to contribute to substantial greenhouse gas emissions mitigation and / or climate change adaption impact.

The LAGREEN fund initiated in 2020 and by end 2022 had reached already EUR 100 million including EU's EUR 13 million contribution. The fund aims at reaching a volume of USD 500 million in 2025.

Investments made till end 2022 include USD 20 million in a bond issued by a Costa Rican bank to finance a sustainable construction project (2021); a second investment of USD 25 million was made in May 2022 in a bond issued by a Mexican provider of leasing equipment for sustainable agriculture and renewable energy. In October 2022 LAGreen partnered with IDB Group in a landmark USD 150 million sustainability-linked bond (SLB) issued by *Bancolombia*. A fourth investment of USD 23 M was done in December 2022 to a USD 79 million blue bond issued by *Banco Internacional* in Ecuador. The blue bond was structured in line with ICMA's Green Bond Principles and IFC's Blue Finance Guidelines, the bond will mainly finance investments in the value chain of the sustainable fisheries and aquaculture sectors.

LAGREEN TAF has engaged by end 2022 with 5 of the 10 target countries (Mexico, Costa Rica, Peru, Colombia and Ecuador) and supported 4 new issuers. Currently the fund has been investing in coordination with the Inter-American Development Bank (IaDB) and the International Finance Cooperation (IFC).

### 3. Development Facility of the Green Micro, Small and Medium Enterprises (MSME) Initiative in Central America –

The Green MSMEs Initiative aims at reducing carbon emissions in the Central American Region by ensuring the provision of financial and non-financial services to support renewable power generation and energy efficiency measures in Micro, Small and Medium Enterprises (MSMEs) and has three main components:

- Technical Assistance for MSMEs as well as Participating Financial Intermediaries,
- Partial Risk Guarantees for MSMEs,
- Financing (loans) for Environmental Investments for MSMEs.

This Initiative represents a continuation of the “Energy Efficiency and Renewable Energy programme for SME in Central America”. This programme has been successfully implemented and the achievements and lessons learnt constitute the basis for this initiative.

The start of implementation of the programme suffered some delays, mainly due to (a) CABEI's reorganisation process with staff changes and vacancies as well as to (b) the implications of the COVID-19 pandemic with major challenges for CABEI and the region. Both aspects absorbed resources of CABEI at all levels. However, CABEI was successful in setting up quickly a comprehensive Emergency and Economic Reactivation Program for Central America in response to the COVID-19 crisis.

In May 2020, an amendment was signed between EU and KfW (and respectively between CABEI and KfW). By this amendment, the “Green MSME Initiative” was included as part of the component 5 of the Emergency Program of CABEI. Component 5 of the Emergency Program is oriented towards supporting the financial sector and the MSMEs affected by the COVID-19 pandemic and called “Financial Sector Support Facility for MSMEs Financing”. A second amendment was signed in November 2021 which included among others an extension to the implementation period of up to 10 years for component 2.

Progress in 2022 was on promotional and preparation activities (component I and II), no financing has been provided yet. Progress can be summarised as:

**Component I:** A Consulting Company (GOPA-Intec) was contracted to support the implementation of the LAIF contribution (TA) and GOPA-Intec has been assisting CABEI. CABEI has started promotional activities. Three activities took place in Guatemala, El Salvador and Costa Rica, raising awareness about topics like circular economy, renewable energy and electric mobility. Three TA activities have been approved in Guatemala, Honduras and Nicaragua for technical, financial and environmental feasibility studies. Six additional activities in Guatemala, Nicaragua and Panama are in the initial phase of approval covering areas such as feasibility study on biogas production, green financing, or installation training of solar panels in remote areas.

**Component II:** After several months of negotiations between CABEI, GOPA/LANDT and KfW, the consultancy contract has been signed in July 2022 with LANDT. LANDT is supporting CABEI in all processes related to the implementation of the guarantee fund. KfW has drafted Terms of Reference (ToR) for the audited financial statements of the Initiative.

## Main issues for the implementation (of all 3 projects)

- The potential of regional projects in interconnection projects remains to be explored. Attention must be paid to aspects such as regional interconnectivity, as well as to the strengthening and capitalising on policy dialogue.
- Blending is an important implementation modality clearly linked to the overall EU objectives and policy priorities in the region. Blending is an appropriate tool to promote investment and engage in policy dialogue joining forces with other development partners and leverage a larger financial impact.
- Important that the **EU Delegations are involved early in the design, preparation and the monitoring of blending operations**. The alignment with the country level priorities, Team Europe Initiatives, and flagship projects is important. A stable political and security climate at the regional level in general and at the country level is needed to promote and attract investments. The pipeline of operations must target the specific policy priorities and sectors set for the region/partner country, offer adequate quality and volume, and ensure EU additionality. Continuous dialogue between HQ, DFIs and EUDELs is important throughout the whole lifecycle of the operations.
- A greater use of financial instruments such as equity and other risk-sharing instruments is often mentioned as an optimal way to crowd in private financing, especially when supporting SMEs. LAIF supported its first Financial Instrument Delegation Agreement in 2011, namely Eco-business Fund; in 2019 the Green MSMEs and in 2020 the Latin America Green Bonds Fund. This will be continued through LACIF in 2023.
- By financing technical assistance, innovative instruments (such as risk sharing), and providing complementary grants, LAIF/LACIF encourage recipient governments and institutions to make essential investments, which would otherwise have been postponed due to lack of resources or too high risks.
- Reporting on individual projects is very heterogeneous in quality and quantity; continued effort is being undertaken by the EU both in HQ and in the EU Delegations to ensure follow-up of the projects and proper flow of information and communication. As from 2023 adherence to the Results Management Framework for blending operations will be mandatory as well as reporting on the *logframe* in OPSYS. This will require an important shift in procedures and mindset from the implementing partners, but will contribute to a better quality and homogeneous monitoring of blending instruments
- Timelines for approval processes with EU and DFIs are not always aligned, this poses a challenge for managing the blending pipelines and ensuring EU additionality. A continuous dialogue with the DFIs on the blending pipeline is warranted.

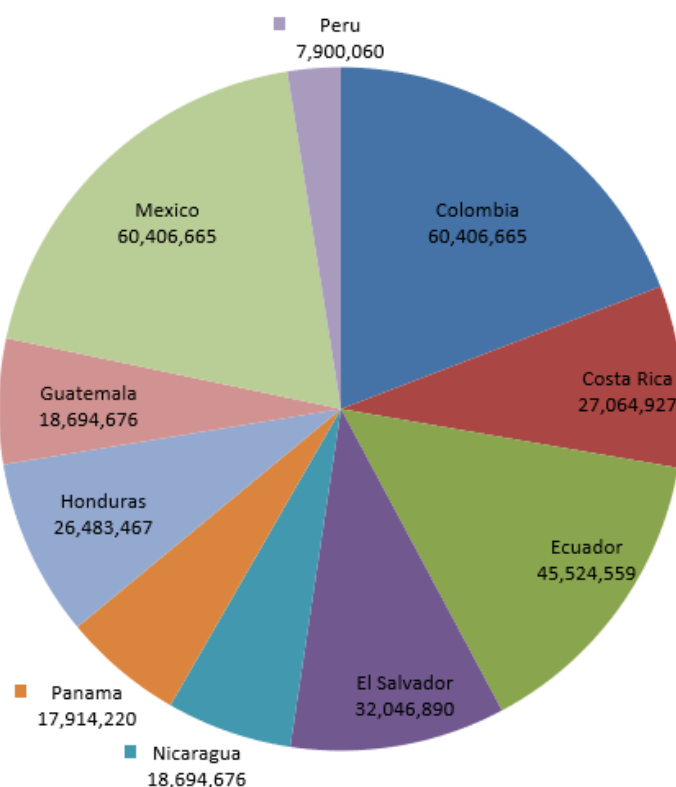
## Performance, financing and investments

The following sections present the implementation, in figures, of the three financial instruments under the LAIF facility, which take form of equity or bank guarantees and required opening a fiduciary account on behalf of the European Commission by a partner institution.

Key figures	Actual	Target
EU Contribution committed	36,911,645	43,690,000
Leverage effect	8.54	14.23
Multiplier effect	29.31	37.01
Envisaged operations	51	90
Financing provided to final recipients	315,136,805	621,900,000
Number of final recipients	2,160,200	9,400,008
Investments made by final recipients due to the received financing	1,081,816,805	1,617,116,810

## Geographical diversification

The distribution of the financing provided to final recipients is as follows:



## Financial Information

Financial Information (EUR)	LAIF & LACIF		
	Notes	2022	All years
Type of instrument (loan, guarantee, equity, blending, other)		Blending	
<b>EU Contribution</b>			
Budgetary commitments		0.00	43,690,000.00
Budgetary payments		5,000,000.00	36,911,645.20
<b>Reflows</b>			
Total reflows entered into the budget, of which:		0.00	0.00
<i>to the general budget</i>		0.00	0.00
<i>returned to be used</i>		0.00	0.00
<b>Losses from operations</b>			
<b>Guarantees</b>			
Guarantees called		0.00	0.00
Guarantee calls recovered		0.00	0.00
<b>Equities</b>			
Realised losses		0.00	0.00
<b>Loans</b>			
Write offs		0.00	0.00
<b>Management fees and other charges</b>			

Administrative fees		181,398.55	349,067.39
Incentive fees		0.00	0.00
Treasury management fees		0.00	0.00
Other charges		123,333.33	256,944.44
<b>Revenues</b>			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		0.00	0.00
Net treasury result (including interest) (gains (+) / losses (-))		-5,671.62	-6,836.73
Net FX gains (+) / losses (-)		-3,401.04	-3,401.04
Other revenues		3,723.92	3,723.92
	<b>Notes</b>	<b>2022</b>	<b>2021</b>
<b>Risk exposure</b>			
Maximum financial risk exposure		28,274,528.95	26,001,328.74
Value of equity investments		25,387,282.95	26,001,328.74
Value of loans		0.00	0.00
Financial liabilities and provisions		77,763.00	0.00
<b>Assets under treasury management</b>			
Balance in the fiduciary bank account (including short term deposits <3months)		4,796,402.82	3,998,834.56
Other financial assets (including short term deposits >3months)		0.00	0.00

## Notes to the financial information

N/A

**Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years**

N/A

## Financial information per implementing partner and instrument

EUR

Implementing Partner	Notes		KFW	Total	
Overall envelope entrusted			43,690,000	<b>43,690,000</b>	
Budgetary commitments		2022	-	-	
		Aggregated	43,690,000	<b>43,690,000</b>	
Budgetary payments		2022	5,000,000	<b>5,000,000</b>	
		Aggregated	36,911,645	<b>36,911,645</b>	
Amounts committed by the Implementing Partner		Grants (including TA)	2022	6,833,666	<b>6,833,666</b>
			Aggregated	6,833,666	<b>6,833,666</b>
		Financial instruments	2022	13,377,820	<b>13,377,820</b>
			Aggregated	26,410,577	<b>26,410,577</b>
		Own resources	2022	71000000	<b>71,000,000</b>
			Aggregated	71,000,000	<b>71,000,000</b>
Administrative expenditure		Management fees	2022	181,398	<b>181,398</b>
			Aggregated	349,067	<b>349,067</b>
		Other charges	2022	123,333	<b>123,333</b>
			Aggregated	256,944	<b>256,944</b>
		Total	2022	304,731	<b>304,731</b>
			Aggregated	606,011	<b>606,011</b>

Financial Information (EUR)	Green MSMEs KFW		Latin America Investment Facility Eco-Business Fund		Latin American Green Bond Funds	
Type of instrument (loan, guarantee, equity, blending, other)	Guarantee & TA		Fund		Fund	
Year of inception	2019		2017		2020	
Implementing Partner	KFW		KFW		KFW	
	2022	All years	2022	All years	2022	All years
<b>EU Contribution</b>						
Budgetary commitments	0.00	14,380,000.00	0.00	13,260,000.00	0.00	16,050,000.00
Budgetary payments	5,000,000.00	9,580,000.00	0.00	13,032,757.49	0.00	14,298,887.71
<b>Reflows</b>						
Total reflows entered into the budget, of which:	0.00	0.00	0.00	0.00	0.00	0.00
<i>to the general budget</i>	0.00	0.00	0.00	0.00	0.00	0.00
<i>returned to be used</i>	0.00	0.00	0.00	0.00	0.00	0.00
<b>Losses from operations</b>						
<b>Guarantees</b>						
Guarantees called	0.00	0.00	0.00	0.00	0.00	0.00
Guarantee calls recovered	0.00	0.00	0.00	0.00	0.00	0.00
<b>Equities</b>						
Realised losses	0.00	0.00	0.00	0.00	0.00	0.00
<b>Loans</b>						
Write offs	0.00	0.00	0.00	0.00	0.00	0.00
<b>Management fees and other charges</b>						
Administrative fees	13,334.00	41,111.77	16,684.49	90,191.98	151,380.06	217,763.64
Incentive fees	0.00	0.00	0.00	0.00	0.00	0.00
Treasury management fees	0.00	0.00	0.00	0.00	0.00	0.00
Other charges	0.00	0.00	0.00	0.00	123,333.33	256,944.44
<b>Revenues</b>						

Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	0.00	0.00	0.00	0.00	0.00	0.00
Net treasury result (including interest) (gains (+) / losses (-))	-5,750.00	-6,915.44	78.38	78.38	0.00	0.33
Net FX gains (+) / losses (-)	-3,629.00	-3,629.00	227.96	227.96	0.00	0.00
Other revenues	0.00	0.00	3,723.92	3,723.92	0.00	0.00
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Risk exposure</b>						
Maximum financial risk exposure	2,887,246.00	0.00	11,504,222.76	12,623,508.74	13,883,060.19	13,377,820.00
Value of equity investments	0.00	0.00	11,504,222.76	12,623,508.74	13,883,060.19	13,377,820.00
Value of loans	0.00	0.00	0.00	0.00	0.00	0.00
Financial liabilities and provisions	77,763.00	0.00	0.00	0.00	0.00	0.00
<b>Assets under treasury management</b>						
Balance in the fiduciary bank account (including short term deposits <3months)	4,792,372.56	3,998,834.56	4,030.26	0.00	0.00	0.00
Other financial assets (including short term deposits >3months)	0.00	0.00	0.00	0.00	0.00	0.00



## 6.4 Thematic Blending (Energy, Food, Humanitarian, Environment)

### Description

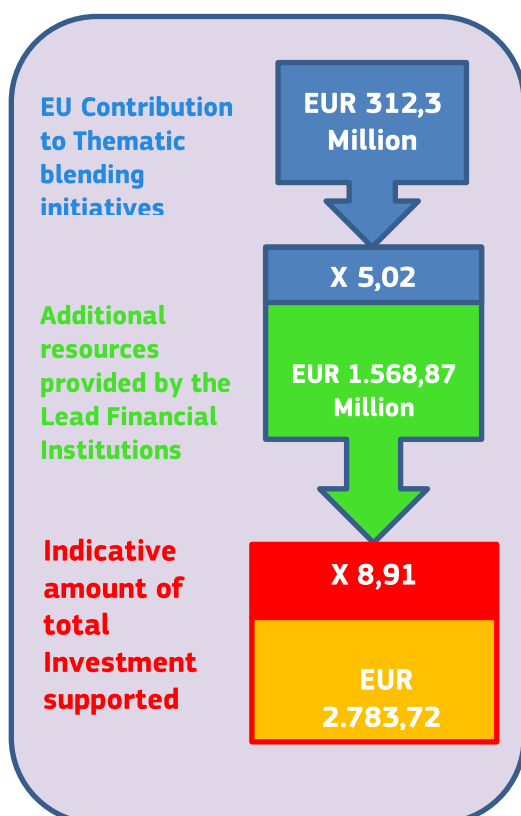
Identification / Reference to the basic act			
Regulation (EC) No 1905/2006 of the European Parliament and of the Council of 18 December 2006 establishing a financing instrument for development cooperation.			
Regulation (EU) No 233/2014 of the European Parliament and of the Council of 11 March 2014 establishing a financing instrument for development cooperation for the period 2014-2020.			
Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action.			
Budget lines			
14.029902; 21.020702; 21020703			
(EUR)	2022	2023	2024
<b>Budgetary commitment appropriations</b>	44,230,000	136,565,063	108,187,986
<b>Budgetary payment appropriations</b>	70,522,740	28,377,075	108,187,986

Initial financial envelope:	EUR 407,275,976
Current financial envelope:	EUR 564,043,346
Overall financial envelope:	EUR 564,043,346

### General description

#### ENERGY (total funds: EUR 444,6 million):

The Energy Thematic blending is constituted of 9 different financial instruments, as detailed below.



#### ElectriFi Initiative: EUR 339,6 million

##### 1. EDFI-ElectriFi

The EU contribution of EUR **125,9 million** is dedicated to unlock, accelerate and de-risk sustainable energy investments in our partner countries, with a particular focus on rural, underserved areas in sub-Saharan Africa.

The financial instrument has been running since July 2015, when the Delegation Agreement with FMO was signed. It was completed by several top-ups.

The signature of any new operations would have to be finalised by 31/12/2025, while the contract end date of activities is the 31/12/2031.

The objective of ElectriFi is to accelerate the development of businesses providing and improving access to modern, affordable and renewable energy services to populations living in underserved areas, by de-risking and unlocking private sector investments.

ElectriFi addresses the existing lack of access to seed, mid- and long-term funding, by providing the missing capital to early-stage, higher-risk companies providing mini-grids, Solar

Home Systems (SHSs), Captive Power Plants (CPPs) or Independent Power Producers (IPPs), The involvement of the private sector in the electrification business, though bridging the financing gap, has an added value in attracting additional financing and enhancing the sustainability of investments and market expansion.

The FMO is the entrusted entity for the instrument, implemented by EDFI Management Company on behalf of FMO.

Since the start of operations in 2017, ElectriFI has expanded rapidly and now includes 42 ongoing operations in Africa, Asia and the Caribbean, amounting to a total of EUR 91,4 million of investments, leveraging a total amount of EUR 346,1 million in investments (including external investors). The leverage factor is 4.

At the end of its life, it is envisaged that ElectriFI Global Window will reach 57 operations, with a target of providing 31,5 million people with electricity; avoiding 1,3 million tons of CO<sub>2</sub> per year and adding 1.889 GWh per year.

The targeted leverage effect is 4.

The achieved leverage is 4.

## 2. Africa Renewable Energy Scale Up Facility (ARESUF)

The ARE Scale Up Facility aims to foster renewable energy projects in Africa. It is managed by the AFD Group via two components (i) a Technical Assistance component, managed by AFD for a total amount EUR 16.3 million, and (ii) a Guarantee Fund managed by PROPARGO for a total amount of EUR 22.35 million. The EU contributes **EUR 24,6 million to the Facility as a whole**. The EU contribution includes up to EUR 12.35 million as financial instrument (of which EUR 10 million as an unfunded guarantee facility) dedicated to de-risking equity financing of pioneer renewable energy businesses in Africa.

The financial instrument has been running since December 2016, when the Delegation Agreement with Proparco was signed.

The signature of any new operations would have to be finalised by 26/06/2024, while the contract end date of activities is the 27/12/2031.

By supporting renewable energy development in Africa and promoting private sector involvement in the field of access to modern energy services, the Scale up Facility will contribute to the two main objectives of AREI: overall acceleration of access to energy for all and deployment of renewable energy on the African continent. ARESUF supports investment in private companies active in the decentralised energy sector, including Solar Home Systems (SHS), off-grid and minigrid solutions. The guarantee provided by the EU helps catalyse funding from DFIs as well as private capital equity investments in these business models and contributes to bridging the financing gap of this sector, which is capital intensive. Cooperation among public and private investors helps ensure sufficient funding at scale.

Proparco is the entrusted entity for the implementation of the financial instrument.

To date, Proparco has invested EUR 11.08 million as part of funding rounds totalling EUR 48.55 million in 3 operations. The companies supported will help provide 250 MW of renewable energy benefiting 250.000 people, creating 1.200 jobs and saving 420 thousand tons of CO<sub>2</sub>eq per year.

The targeted leverage effect is 2.

The achieved leverage is 2.

The deployment of the Facility has slowed in recent months due to the impact of the COVID-19 crisis and related travel restrictions; a number of fundraising rounds were halted, and the performance of some companies deteriorated below the set threshold for investment. Nevertheless, the ARESUF pipeline continues to grow, with the aim to fully deploy by mid-2024.

### 3. Climate Investor One (CIO) & CIO (EEI)

The initial EU contribution to Climate Investor One (CIO) amounts to **EUR 30,7 million**. CIO is dedicated to develop, construct and operate renewable energy projects in emerging markets. CIO uses blended finance to catalyse private sector capital into developing markets.

The financial instrument has been running since December 2017, when the first Delegation Agreement was signed. The signature of any new operations would have to be finalized by 23/06/2032, while the contract end date of activities is the 23/06/2037.

CIO provides whole-of-life financing for renewable energy infrastructure in emerging markets with a primary focus on wind, solar and run-of-river projects. CIO helps develop, construct and operate renewable energy projects in regions with significant power deficits, in a more expedient manner and at reduced cost. Together with other donor capital, the EU contribution helps reduce the risk profile of CIO projects, unlocking investment from mainstream commercial investors.

FMO is the entrusted entity for the implementation of the financial instrument. Climate Fund Managers (CFM) is the Fund Manager of Climate Investor One.

Of the 19 ongoing projects in 17 countries, 8 have reached construction phase, with the support of the EU contribution amounting to EUR 29 million. Altogether, these operations would cost a total of EUR 1.1 billion and would help install 1.8 GW of renewable energy capacity, reaching 6.5 million people, creating up to 5900 jobs and saving 2.45 million ton of CO<sub>2</sub>eq each year. In 2021, an additional EU contribution of **EUR 57.5 million** was made to Climate Investor One for an Energy Efficiency Initiative (CIO-EEI) to help unlock additional RE projects thanks to energy efficiency improvements of grid infrastructure and better integration of renewable energy generated by CIO-supported projects. CIO-EEI provides development stage and construction stage financing to power system equipment with a view to reduce system losses of generated renewable energy and improve the utilisation of renewable energy generation facilities connected to the grid. This Energy Efficiency Initiative will help install 500 MW of renewable energy, catalysing over 1 billion euros in private sector investment over 15 years.

The targeted leverage effect is 9 (14 for CIO-EEI).

The achieved leverage is 12.

Implementation challenges include the uncertainty created by events of 2022 which have included Russia's war of aggression in Ukraine and subsequent energy crisis, the post-Covid and conflict-fuelled global inflation cycle and the strengthening US dollar.

### 4. Transferability and Convertibility Facility

The EU contribution of **EUR 26,9 million** is dedicated to cover transferability & convertibility risks for DFIs investing in Independent Power Producers (IPPs) in lower income countries particularly vulnerable for such risks. The Facility allows for the provision of a dedicated transfer and convertibility instrument for eligible Independent Power Producers (IPPs) during an inconvertibility and non-transferability event.

Transferability and convertibility risks represent a significant barrier to private financing of renewable energy projects as electricity is sold in local currency while power plants are typically financed in hard currency. During an inconvertibility or non-transferability event, IPPs might default on hard-currency payments because they are unable to convert local currency. The purpose of the facility is to mitigate these risks by financing a debt service reserve account available to lending DFIs to cover payment of scheduled interest and principal debt. The facility targets greenfield on-grid IPPs with a minimum installed capacity 10 MW in regions eligible under the DCI ('Development Cooperation Instrument').

The delegation agreement has been signed in December 2017 and the financial instrument has been running since January 2018. The signature of any new operations would have to be finalized by 27/12/2023, while the contract end date of activities is the 31/12/2029.

Proparco is the entrusted entity for the implementation of the financial instrument.

Due to delays related to contractual aspects, operations have only started in 2022, but no operation was finalized under the facility yet. During the course of 2023, a total of five operations amounting to EUR 26,8 million are expected to be supported under the T&C scheme, with an indicative leverage effect of 14,38 leading to a total project financing (also including other investors) of EUR 385,2 million.

The targeted leverage effect is 14,38.

## 5. Facility for Energy Inclusion (FEI)

The EU contribution of **EUR 40,2 million** provides long-term debt through finance structures. It is a debt financing platform for small-scale renewable energy projects – off-grid solar, small scale IPPs and mini-grids- with the objectives of aggregating capital, structuring bankable projects and accelerating their delivery as to increase access to clean energy across Africa while supporting the transition to low-carbon development pathways. FEI has two investment windows with different added value:

- **FEI Off-grid window (OGEF):** it offers a flexible, pragmatic and context driven approach to transaction structuring, provides local currency options to reduce risk for borrowers and their customers, and help create lasting local capital markets participation in the sector. OGEF also provides technical assistance to companies to support market development.
- **FEI On-grid (OGEN);** it supports small-scale Independent Power Producers (IPPs), mini-grids and captive power projects by providing various debt products, including corporate and project loans, construction/bridge loans and mezzanine finance, in both hard and local currencies. Focusing on smaller facilities it envisages bringing electricity to smaller countries or regions that are not adequately serviced by the main grid.

The Delegation Agreement was signed in December 2018 and the financial instrument has been running since January 2019 and the contract end date of activities is the 31/12/2034. Note that the FEI/ONGRID lifetime has been extended by two years and FEI/OFFGRID fund life ends in 2030.

The African Development Bank (AfDB) is the entrusted entity for the implementation of the financial instrument.

- **FEI on-grid window:** Small-scale renewable IPPs, mini-grids and captive power projects (capital expenditures of less than USD 30 million and a capacity of <25MW). Project finance structures can access senior and mezzanine loans between USD 2 and 20 million, in USD, EUR or local currency, and with a tenor up to 12-15 years. The life of the facility is 15 years, with a 7-year investment period. Target number of covered operations 20-30 investments. Final Close of its equity in 2020 with a total equity based to approximately USD 145 million. The Commission provided an equity contribution of EUR 25 million.
- **FEI off-grid window:** Pay-as-you-go system companies (PAYGO) and other innovative energy access distribution companies through lending to corporates and SPVs. Short-tenor debt instruments of 2-5 years for working capital, consumer finance and securitization. Debt instruments typically range from USD 2 million to USD 10 million in USD or local currency with foreign exchange risk hedging. The proposed facility life is up to 10 years with scope for two one-year extensions. This window also includes a TAF of EUR 1.6 million financed by the Commission. Target number of covered operations: 15-20. Final equity close with \$115 million in committed equity capital and \$56 million debt facilities. The Commission provided an equity contribution of EUR 13 million.

The targeted leverage effect is 5 and the leverage achieved so far is 13.

Some of the implementation challenges include finding deals that are fully compliant with EU financial regulation (avoiding AML listed countries). Also, the COVID pandemic has challenged the implementation of the FEI fund.

## 6. Digital Energy Facility (DEF) for the promotion of energy transition and energy access

The EU contribution of **EUR 23,5 million** is dedicated to support the modernization and digitalization of the energy sector, encourage innovative business models and the long-term sustainability of energy systems. The PAGODA FI signed in December 2019 focuses on contingent debt financing and related non autonomous technical assistance for a total of EUR 4,96 million. Thanks to the financing of digital innovation projects and products, the facility aims to support the integration of renewable energy sources into the grid, increase energy access and improve the performance of power utilities.

The financial instrument will be deployed through one Financial Intermediary, Investisseurs & Partenaires, selected by AfD to source eligible operations for contingent debt financing. Such financing (<EUR 300,000 benefiting approximately 10 companies), will address the specific needs of energy access companies to experiment and scale up access to energy innovative services or products. Few financial institutions and accelerators cover the financial needs at this stage of development of innovations. The investment criteria will include impact on economic development, development stage of the access to energy concept, availability of co-financing, among others.

The signature of any new operations would have to be finalized by 22/02/2034, while the contract end date of activities is the 22/12/2034.

AfD is the entrusted entity for the implementation of the financial instrument.

DEF altogether aims to reach up to 50 companies and public utilities, 100 MW of addition renewable energy capacity, 1 million people with improved access and 100.000 tCO<sub>2</sub>eq avoided every year. The project started in 2020 and the financial instrument (contingent debt component) will be deployed in 2023.

The targeted leverage effect is 0,81.

## 7. SPARK+Afrika Fund

The EU contribution of **EUR 10,348 million** covers part of the costs of the action currently estimated at EUR 43,129 million. It is to be invested to the Spark+ Africa Fund, the first impact investment fund dedicated to Clean Cooking. It is managed by Enabling Capital and supported by a technical assistance of the Clean Cooking Alliance. The Fund will finance clean, efficient and modern cooking solutions in developing markets for rural, peri-urban and urban communities in Sub-Saharan Africa.

Access to clean cooking is a critical development milestone and can reduce preventable deaths, improve health and enhance quality of life for those at the bottom of the pyramid. Investments to achieve access to clean cooking solutions in Sub-Saharan Africa are generally managed by SMEs, which have been historically overlooked by traditional financiers, as they form the “missing middle”.

The Fund will mainly invest in long-term debt instruments, and to a lesser degree quasi-equity and equity instruments in small and medium size enterprises active in the cooking energy value chain.

The financial instrument has been signed in December 2021. The Investment Fund for Developing Countries (IFU) is the entrusted entity for the implementation of the financial instrument.

While the investments of the Fund started straight after the first close, the start of the implementation period of the EU contribution will be defined when the pillar assessment of IFU will be finalised.

The Fund targets a capitalization of USD 50-70 million with a 7-year term. The EU contribution to the structured fund will improve the accessibility, availability, and affordability of clean cooking solutions in the underserved market. Since the start of operations in 2022, Spark+ portfolio reached 3 ongoing operations in Sub-Saharan Africa, amounting to a total of USD 8,5 million of investments. At the end of the fund, the Action will support 30 companies, benefitting 11.25 million people of which 5.6 living below poverty line, while saving nearly 16 million tCO<sub>2</sub>eq in GHG emissions.

The targeted leverage effect is 4,17.

The leverage achieved in this first year of implementation is 1.



## **Sustainable socio-economic development through clean and efficient energy solution initiatives: EUR 104,974 million**

### **Demand side management, social infrastructure renewables and energy efficiency (DESIREE)**

The EU contribution of **EUR 104,97 million** includes 52,910 million for financial instrument. The different types of Financial Instruments to be financed by the EU Contribution will be designed under the Technical Assistance window.

The ambition for this programme is to create an EU flagship programme and brand which can deliver meaningful impact and progress (higher electrification rates, reduction of emissions, diversification of the energy mix, equal access to energy, efficient use of energy) in the sectors and regions, showcase innovative and scalable solutions and demonstrate actual impact on the ground. The programme is currently planned to cover actions in five low income and middle-income countries (indicatively Côte d'Ivoire, Ecuador, India, Kenya and Uganda). DESIREE includes funding for technical assistance and programme management, and a mix of investment grants and financial instruments (i.e., grants conditional on achieving results, equity participations and any other appropriate structure to incentivise alignment of interest and focus on result/impact).

The total EU budget required for the 5-year programme is estimated at EUR 104,974 million with an EIB contribution of EUR 200 million. An additional EUR 400 million of other sources of financing could be considered a reasonable estimate.

The Contribution Agreement has been signed in December 2020 including the Technical Assistance Window and the provision for Financial instrument. An addendum was signed in 2021 included the Investment Grant Window. The contract end date of activities is the 20/10/2029

The EIB is the entrusted entity for the implementation of the financial instrument.

The targeted leverage effect is 3.

## **ENVIRONMENT**

### **Climate change initiative – support to developing countries for innovative climate finance: EUR 8 million**

#### **Cities and Climate in Africa (CICLIA) Project in Sub-Saharan Africa**

A delegation agreement has been signed with AFD in 2016 to cover technical assistance. The activities were extended until 20/04/2023. The CICLIA project supports selected Sub-Saharan cities in transforming local climate strategies into action plans, budgets, and urban investment projects with climate co-benefits on both mitigation and adaptation aspects. It will do so by supporting city climate planning when needed, preparing low-carbon and resilient urban infrastructure projects and providing technical assistance before project implementation to municipal staff.

The target leverage is 79,48.

### **Water for prosperity, regional stability and resilient ecosystems initiative: EUR 19,7 million**

#### **Climate Investor 2 (CI2)**

Climate Investor Two (CI2) is Climate Fund Managers (CFM) second blended finance facility, delivering water, sanitation, and oceans infrastructure projects in emerging markets. FMO is the entrusted entity for the implementation of the financial instrument. The government of the Netherlands, through the Dutch Fund for Climate and Development (DFCD), has provided EUR 75 million in finance to anchor CI2. In 2022 the Green Climate Fund committed USD 145m to the CEF2 Tier 1. The EU contributed with **EUR 19.7 million** in 2021 and is currently the third largest donor of the fund. The contract end date of activities is the 30/06/2041.

In December 2022, CI2 reached second close with USD 850 million in commitments.

Having achieved proof of concept with CIO, CI2 opens the way for transformational impact in a sector dominated by public funding and frequently facing financing shortfalls. As a cradle-to-grave finance facility, CI2 seeks to mobilize blended finance provided by donors and the commercial sector with its additional recycling feature to maximize impact and reduce risk in markets where development is needed and climate change solutions can have a significant and sustainable effect. CI2's overarching focus is to attract private finance for low and lower-middle income countries, on the back of enabling public sector funding. CI2's encompassing whole-of-life financing solution provides an attractive alternative to the current market practice of structuring project finance for water supply, sanitation and oceans infrastructure projects. CI2's approach targets market failures through two key pillars; (1) speed of development, construction and implementation, and (2) innovation through market development where existing models do not include private finance.

CI2 fund structure is characterised by one Development Fund (DF) and a Construction Equity Fund (CEF). The Development Fund ("DF") provides early-stage development funding to projects and the Construction Equity Fund ("CEF") provides large-scale equity finance to construct projects and bring them into operations. Over the life of CI2 CFM expects to make an average of 30 investments in the following sectors bulk water supply, water distribution, wastewater and ecosystems and oceans.

In 2022, the DF has contracted to provide development funding to 9 Project Assets in Africa and 5 in Asia. Projects' scope varies widely, ranging for example, from leasing of solar energy powered desalination units, to rental of industrial wastewater treatments systems, to supplying bulk water in remote areas, to combining debt for nature swaps and blended finance for the commercial end-to-end development, financing and management of marine protected areas. In 2022 for the South African Bio2Watt project an expansion phase of the Bronkhorstspuit Biogas Plant (BPP) to 9.8 MW capacity was approved jointly by CEF1 (Climate Investors 1 Construction Equity Fund) and CEF2 (Climate Investors 2 Construction Equity fund). This involves an investment of USD 26.87m (USD 13.36m from CEF1 and USD 13.50m from CEF2) for a biogas plant that will provide treatment of waste and in turn supply power and hot water.

With respect to challenges surrounding the implementation of CI2, these have been especially pronounced in relation to the consequences of the Russia/Ukraine conflict, the resultant energy crisis, the post-Covid and conflict-fuelled global inflation cycle and the strengthening US dollar. In general, facing greater difficulty travelling to project sites and events, has made it more challenging for CI2's deal teams to complete their work. In addition, there have been challenges to Fundraising which has limited the potential to reach out to new investors. Looking to 2023, the focus will be on attracting new commercial investors to the Fund in the Tier 2 tranche, and deploying funding to a number of flagship CEF2 projects including the newly approved Bio2Watt Waste to Value platform.

The project's targeted leverage effect is 48, and the achieved leverage in this second year of implementation is 1,49.

### **Switch to green finance initiative: EUR 18,4 million**

The Switch to Green Finance initiative was not contracted as the negotiation with KfW could not conclude positively.

### **AGRICULTURE (total funds: EUR 89,6 million)**

#### **AgriFI Initiative - Inclusive and sustainable value chains and food fortification": EUR 89,6 million**

Under the AgriFI Initiative, three blended finance instruments were contracted. All three of these seek to increase private investment in agriculture through the promotion of sustainable value chains, so contributing to the sustainable growth of our partner countries. The three instruments focus on different segments of the market.

## 1. African Agriculture Trade and Investment Fund (AATIF)

The EU contribution of **EUR 30,6 million** is dedicated to cover the first loss equity of the AATIF. Its duration is 10 years. This addresses the EUR 5-15 million investment bracket, through both direct and indirect investments, aimed at promoting smallholder livelihoods. The larger ticket size keeps transaction costs lower, and hence focusses on larger off-takers. AATIF is an innovative public-private partnership dedicated to uplift Africa's agricultural potential for the benefit of the poor. The Fund aims at improving food security and providing additional employment and income to farmers, entrepreneurs and labourers alike by investing patiently and responsibly in efficient local value chains.

The financial instrument has been running since December 2017, when the Delegation Agreement was signed. The contract end date of activities is the 18/12/2027.

KfW is the entrusted entity for the implementation of the financial instrument.

AATIF has continued its investments – after two difficult years (2021, 2022), in light of the COVID restrictions. Nevertheless, the latest reports indicate that AATIF has disbursed investments in excess of EUR 375 million since the Fund's inception in 2011.

Impacts achieved by AATIF funding since inception: 20,000 jobs created (41% women), 340,000 MT of food produced, 250,000 smallholders supported.

The Agricultural Leasing Company Zambia Limited funded through the AATIF Innovation Facility – continued its expansion and has 952 contracts for tractors and other agricultural implements outstanding.

The targeted leverage effect is 5.

The achieved leverage is 4,72.

The EU contribution has allowed the AATIF to mobilize further private sector contributions around three times the EU contribution to date, with further contributions expected, as well as further first loss contributions by the German government. This is in excess of initial expectations – a leverage of around 2 additional euros for every EU euro.

On a net basis, AATIF's results turned negative. The Fund saw significant redemptions of cash from existing investments along with notes redemptions from private investors in 2022. With the fade out of Covid, AATIF with its new 5-years strategy aims to grow the fund size adding further 250 million EUR till end of 2027 by mainly leveraging capital from the private sector.

## 2. HURUMA Fund

The EU contribution of **EUR 19,3 million** is invested in the project. Huruma is an Impact Investment Fund set up with COFIDES as finance institution, to address the traditional constraints of agriculture finance and the financing needs of smallholders and underserved farmers. The Fund invests both in Financial Institutions that have an agricultural portfolio and in Producer Organizations and Agriculture Value Chain SMEs that directly or indirectly work with excluded farmers. The total size of the Fund is of EUR 120 million and it is structured in two tranches. A first loss contribution to which the EU contributes with EUR 10 million through a contract with COFIDES, and a senior tranche, in which private investors contribute with EUR 90 million (including EUR 1 million from COFIDES). AECID/FONPRODE is contributing with EUR 20 million through a side vehicle. The aim of Huruma is to allow its investees to increase their agricultural portfolio and provide access to finance to more smallholders.

Along with the investment, the Fund will also support investees with Technical Assistance, focusing on different areas according to the specific partner institution. EU is contributing to the TA with up to EUR 8,6 million, alongside the Fund itself.

The financial instrument has been running since October 2019, when the Contribution Agreement was signed. The contract end date of activities is the 30/10/2029. COFIDES is the entrusted entity for the implementation of the financial instrument.



Regarding the Technical Assistance, during 2021, the TA facility (TAF) legal setup was completed and the TA steering committee (a body created to provide a strategic guidance to the implementation of the Facility) started its work. Since then, seven TASC meetings have been held. There are two TA projects approved so far and it will start hiring/tendering shortly. It is estimated that 13 TA projects will be approved.

Huruma is the biggest social Fund in Spain and the first of its kind. The Fund provides debt financing (minimum 70% of the total size of the Fund) and also equity investment (up to 30%). The ticket size ranges between EUR 1 and 10 million. It has a global geographical scope, but focuses on Latin America, Asia and Sub-Saharan Africa. Up until the end of 2022, the total outstanding portfolio amounted to EUR 86,9 M for a total of 20 deals with 16 investees in Bolivia, Brazil, Ecuador, India (equity investments), Mexico, Nigeria, Panama, Paraguay, Peru and Senegal. About six other investment proposals are in the approval process. Around 25 investments are expected to be made in total by the Fund.

The financing mobilized from the private sector has been superior to what was initially expected, thereby increasing the leverage to 9 (instead of the initial 6,21).

The targeted leverage effect is 6,21.

The achieved leverage is 9.

### 3. EDFI AgriFI Facility

The initial Global window was launched in 2018 with an initial budget of EUR 39 million and an initial duration of 12 years. The facility was extended to 15 years and the budget increased to **EUR 39,7 million**. Its geographical scope is global, but AgriFi invests only in low and lower-middle income countries, and has a specific focus on Sub-Saharan Africa. The aim is to provide long-term finance and/or working capital needs in the form of debt or equity of between EUR 0,5-5 million, on commercially-oriented terms, to MSMEs active in agri-food value chains and involving smallholder farmers. About EUR 2 million of TA is included to be provided to the beneficiaries to accompany the investment.

Following the success of the first Global window, 4 other specific windows were added in 2021 (amounting to 80M EUR), thereby bringing AgriFI's total budget to **121,7 M EUR**:

- A **regional window for ACP countries** (52 M EUR from the 11th EDF Intra-ACP; Dec 2021-Feb 2037): focusing on 11 value chains, but not exclusively
- A **Ghana window** (10 M EUR from the 11th EDF; Jan 2021 – June 2034): focusing on the Upper-West region
- A **Sri Lanka window** (8 M EUR from the 11th EDF; Dec 2021-Dec 2035): focusing on organic farming (a high priority of the government) and on cold chains and other food processing solutions (to reduce post-harvest loss and food waste as part of the objective under the previous MFF agriculture modernisation and new MFF circular economy/ waste management)
- A **Tanzania window** (12 M EUR from the 11th EDF; Dec 2021-Sept 2033): focusing on Tea, coffee and horticulture

All those windows also include a TA component.

The financial instrument has been running since January 2018, when the Delegation Agreement was signed, and the signature of new operations under the initial global window has to be finalized by December 2023. The end date of operations for the initial global window financial instrument is 31/12/2032.

The financial instrument is fully financed by the EU and managed by the EDFI Management Company (EDFIMC), which signed a sub-delegation agreement with the FMO in September 2018.

The added value of this initiative resides in the fact that, being fully financed by the EU:

- (i) the EU is a member of the Investment Committee (made up of representatives of the European DFIs) and has a veto right and;

- (ii) AgriFI can take higher risks than other DFIs and private investors on their own, so it can serve as a de-risking tool or as a market developer, thereby leveraging further DFI/private investors' support. Indeed, AgriFI can invest in companies that need financing to grow but they are not big enough to obtain financing from local commercial bank or international investors; provide smaller tickets; provide longer term loans; etc. The “blending” occurs therefore at the level of the individual investment, but maybe not at the same time

Eleven investments have been made to date as of end of March 2023 (9 under the Global window, 1 under ACP and 1 under Ghana), representing EUR 28,4 million contractually committed (EUR 21,8 million disbursed) and include:

- 4 Impact Funds: two funds working with smallholders at a global scale, one investment vehicle investing in rural MFIs serving fragile populations worldwide and one gender-lens private equity fund in Uganda focused on farmers (ACP window);
- 2 Financial Institutions: one agricultural MFI in Myanmar and one MFI serving farmers and rural MSMEs in Ghana (Ghana window);
- 5 SME's: a dairy cooperative in Senegal, a private company in Nigeria offering a whole set of services to farmer, a private company in Kenya processing coconuts, a private company distributing fresh products in Tanzania, and a maize processor in Burkina Faso.

As of the end of 2022 across all investments, the additional financing mobilized at time of investment amounts to EUR 63.9m, which increases to EUR 109m when including the financing mobilized in subsequent years after investment. This corresponds to leverage ratios of 3.25x (at investment) and 4.84x (including subsequent years) respectively. For the Global window separately, leverage ratios of 3.27x and 5.15x apply respectively.

It is expected that by the end of 2023, all the funds set out for the Global window (EUR 29 million) will be committed, which will represent around 11 investments in total. Investments for the other 4 windows will continue to be sourced.

As regards to the Financial Instruments, investing activities picked up speed in 2022 (after a relatively slower pace of investments due to the COVID pandemic and the time-intensive work on 4 new additional windows) with 3 investments added to the portfolio and several more in the contracting stage.

TA dedicated to the investees was not yet implemented in 2022, but the EDFI MC Board approved the policy relative to the concept, implementation guidelines and process of the Technical Assistance Product (TAP) in March 2023. This should pave the way for the first TA projects to be launched soon. The TAP will be provided either in Direct Management (EDFI MC contracts directly with the Beneficiary) or in Delegated Management (TAP is provided to a delegated manager – either fund manager or service provider - who will contract with the Beneficiary).

## **WOMEN'S ECONOMIC EMPOWERMENT (total funds: EUR 9 million)**

### **Women's Economic Empowerment Initiative (WWE): EUR 9 million<sup>108</sup>**

#### **Women's Financial Inclusion Facility (WFIF)**

The EU contribution of **EUR 9 million** (total 10 million) is dedicated to first-loss risk capital contribution, jointly with other development capital providers and private investors, and technical assistance component.

The Women's Financial Inclusion Facility (“WFIF”) consists of Women's World Banking Capital Partners II (“WWBCP II” or the “Fund II”) and the Women's World Banking Technical Assistance Programme (“TAP”). The WFIF invests in emerging market financial service providers that incorporate low-income women into their client base, expand gender diversity within their management teams, and use new

<sup>108</sup> This amount does not include the additional EUR 1 million contribution to the Women's Economic empowerment Initiative from an EU Parliament budget line.

technology solutions to enhance customer engagement. The EU funding will be used for investments in Sub-Saharan Africa. The Technical Assistance Programme is implemented as an independent action attached to WWBCP II.

The primary purpose of the EU contribution is to crowd commercial investors into the fund by de-risking what might otherwise be unacceptable risks from two types of commercial investors:

- (i) investors new to either gender-lens investing or inclusive finance investing, who would see the first-loss contribution as both an endorsement and risk mitigation, and
- (ii) investors who would potentially invest in the fund but would restrict its ability to invest some portion of the Fund's capital in earlier-stage (e.g., "Series A" or "Series B"), innovative solutions providers and / or World Bank-defined low-income countries, including fragile states.

The financial instrument has been running since 2018, when the Delegation Agreement was signed. The signature of any new operations under the Agreement had to be finalised by 27/03/2020, while the contract end date of activities is the 26/09/2033.

KfW is the entrusted entity for the implementation of the financial instrument.

The WFIF has started already reaching low-income women with a wide range of products and services created to women and as such, creating a new market for the investee financial institutions. The technical assistance is also starting with gender assessments conducted at the organisational level and market/customer level, which will result in a gender action plan for each investee financial institution to close the gap on gender equality among the company's clients and in its employee base.

The fund has created a rich global pipeline of portfolio with financial institutions with potential and appetite to better reach and serve women across the pipeline countries. The Fund had its first closing March 2020 at size of USD 50m and second closing 26 May at USD 75 m. The EU contribution of EUR 9 million attracted additional funds, and the fund reached a total size of USD 103.5 million for its final closure in March 2022. The fund has concluded 11 investments into local financial service providers.

These are for instance in housing finance in India, Agricultural insurance in Sub Saharan Africa (in particular Kenya, Nigeria and Zambia), microfinance in Colombia, peer-to-peer microfinance in Indonesia and rural microfinance in Uganda. The technical assistance has been used for creating the two first gender action plans.

The EU participation as the anchor investor has been instrumental in leveraging important additional public and private investments to the fund.

The targeted leverage effect is 8.

The achieved leverage is 11.

## Operational Performance

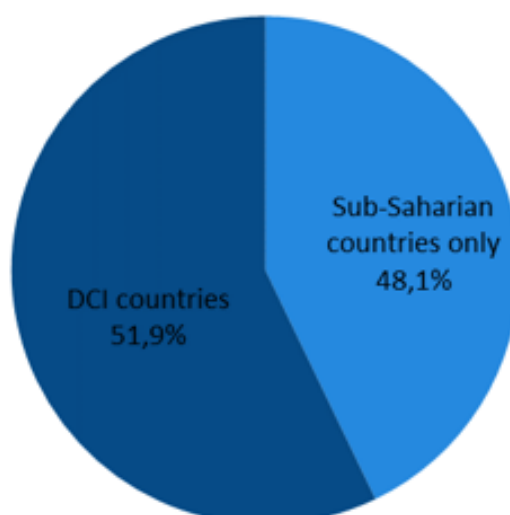
### Performance, financing and investments

Key figures (EUR)	Actual	Target
EU Contribution committed	312,300,722	564,043,346
Leverage effect	5.10	6.06
Multiplier effect	8.94	11.00
Operations	146	248
Financing provided to final recipients	1,591,536,198	3,419,993,720
Number of final recipients	199,799	181,126
Investments made by final recipients due to	2,791,306,158	6,203,687,456

Key figures (EUR)	Actual	Target
the received financing		

## Geographical diversification

The thematic initiatives have a global approach, not being attributed a priori to a specific country. Target countries are the ones eligible under the DCI financing instruments. Some projects can only finance investments in Sub-Saharan Africa (CIO, AATIF, ARESUF, FEI, WFFI and DEF), for a total of EUR 150,3 million):



## Financial Information

Financial Information (EUR)	Thematic blending (ENERGY, FOOD, ENV, HUM)		
		Blending	
Type of instrument (loan, guarantee, equity, blending, other)	Notes	2022	All years
<b>EU Contribution</b>			
Budgetary commitments		0.00	459,268,946.26
Budgetary payments		68,387,183.24	312,300,720.13
<b>Reflows</b>	(1)		
Total reflows entered into the budget, of which:		1,525,978.00	1,525,978.00
<i>to the general budget</i>		1,525,978.00	1,525,978.00
<i>returned to be used</i>		0.00	0.00
<b>Losses from operations</b>			
<b>Guarantees</b>			
Guarantees called		0.00	0.00
Guarantee calls recovered		0.00	0.00
<b>Equities</b>			
Realised losses		0.00	0.00
<b>Loans</b>			
Write offs		-2,182,192.56	-2,182,192.56

<b>Management fees and other charges</b>			
Administrative fees		612,066.46	1,896,340.31
Incentive fees		0.00	3.00
Treasury management fees		0.00	0.00
Other charges		324,364.12	826,249.51
<b>Revenues</b>			
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		2,106,624.80	10,940,856.36
Net treasury result (including interest) (gains (+) / losses (-))		1,880,839.84	2,576,617.79
Net FX gains (+) / losses (-)		1,147,184.22	955,877.81
Other revenues		456,373.63	480,250.43
	<b>Notes</b>	<b>2022</b>	<b>2021</b>
<b>Risk exposure</b>			
Maximum financial risk exposure		213,320,044.84	115,545,126.93
Value of equity investments		121,412,971.40	84,293,905.61
Value of loans		27,634,727.28	19,666,995.82
Financial liabilities and provisions		2,800,167.13	2,118,789.61
<b>Assets under treasury management</b>			
Balance in the fiduciary bank account (including short term deposits <3months)		45,048,161.42	50,421,991.91
Other financial assets (including short term deposits >3months)		18,254,223.95	24,703,298.95

## Notes to the financial information

- (1) The NDICI Regulation does not provide for the assignment of the reflows from the predecessor instruments to NDICI. Consequently, these reflows stemming from pre-2021 financial instruments have been recovered and sent back to the general budget.

## Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

N/A

## Financial information per implementing partner and instrument

EUR

Implementing Partner	Notes		AFD	COFIDES	FMO	KFW	Proparco	AfDB	IFU	Total
Overall envelope entrusted			23,500,000	19,300,000	273,744,712	40,600,000	51,534,234	40,242,000	10,348,000	<b>459,268,946</b>
Budgetary commitments		2022	-	-	-	-	-	-	-	-
		Aggregated	23,500,000	19,300,000	273,744,712	40,600,000	51,534,234	40,242,000	10,348,000	<b>459,268,946</b>
Budgetary payments		2022	1,931,167	4,000,000	38,748,187	12,500,000	2,775,400	-	8,432,429	<b>68,387,183</b>
		Aggregated	7,794,059	10,642,308	181,937,031	39,100,000	29,352,893	35,042,000	8,432,429	<b>312,300,720</b>
Amounts committed by the Implementing Partner	Grants (including TA)	2022	-	-	-	-	-	1600000	-	<b>1,600,000</b>
		Aggregated	-	984,003	21,533,796	7,000,000	140,000	1,600,000	-	<b>31,257,799</b>
	Financial instruments	2022	-	-	25,725,442	-	-	13,727,273	8,432,429	<b>47,885,144</b>
		Aggregated	-	4,440,000	153,464,432	23,000,000	-	23,356,716	8,432,429	<b>212,693,577</b>
	Own resources	2022	-	-	63679572	-	-	20000000	1631352	<b>85,310,924</b>
		Aggregated	-	444,000	63,679,572	244,009,600	12,000,000	131,000,000	1,631,352	<b>452,764,524</b>
Administrative expenditure	Management fees	2022	8,000	30,000	369,329	77,772	55,168	24,587	47,211	<b>612,066</b>
		Aggregated	24,667	92,500	966,169	377,638	289,153	99,003	47,211	<b>1,896,340</b>
	Other charges	2022	40,000	67,563	27	216,774	-	-	-	<b>324,364</b>
		Aggregated	40,000	524,012	9,987	252,252	-	-	-	<b>826,250</b>
	Total	2022	48,000	97,563	369,356	294,546	55,168	24,587	47,211	<b>936,431</b>
		Aggregated	64,667	616,512	976,156	629,890	289,153	99,003	47,211	<b>2,722,590</b>

Financial Information (EUR)	Africa Agriculture Trade and Investment Fund S.A. SICAF-SIV		Africa Renewable Energy Scale Up Facility - Guarantee Fund		Agriculture Financing Initiative		Climate Investor One		Climate Investor One - Energy Efficiency Initiative		Climate Investor Two		Digital Energy Facility (DEF) for the Promotion of Energy Transition and Energy Access - Seed Financing	
Type of instrument (loan, guarantee, equity, blending, other)	Fund		Guarantee + TA		Equity & loans		Equity		Fund		Equity		Contingent debt + TA	
Year of inception	2018		2016		2017		2017		2021		2021		2019	
Implementing Partner	KFW		Proparco		FMO		FMO		FMO		FMO		AFD	
	2022	All years	2022	All years	2022	All years	2022	All years	2022	All years	2022	All years	2022	All years
<b>EU Contribution</b>														
Budgetary commitments	0.00	30,600,000.00	0.00	24,650,000.00	0.00	39,700,000.00	0.00	30,700,000.00	0.00	57,700,000.00	0.00	19,700,000.00	0.00	23,500,000.00
Budgetary payments	10,000,000.00	30,600,000.00	2,775,400.00	12,566,928.00	1,200,000.00	29,510,000.00	1,703,774.62	29,984,320.53	25,791,999.82	25,791,999.82	10,052,412.80	17,096,711.09	1,931,167.00	7,794,059.00
<b>Reflows</b>														
Total reflows entered into the budget, of which:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>to the general budget</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>returned to be used</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Losses from operations</b>														
<b>Guarantees</b>														
Guarantees called	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Guarantee calls recovered	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Equities</b>														
Realised losses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Loans</b>														
Write offs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Management fees and other charges</b>														
Administrative fees	60,000.00	305,000.00	13,335.33	80,000.33	35,692.32	223,077.59	0.00	0.00	264,999.82	264,999.82	27,727.80	55,364.39	8,000.00	24,666.67
Incentive fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Treasury management fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other charges	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	27.00	72.70	40,000.00	40,000.00
<b>Revenues</b>														
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	0.00	0.00	0.00	0.00	870,371.56	1,834,739.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net treasury result (including interest) (gains (+) / losses (-))	10,627.30	241,987.84	0.00	0.00	-20,931.61	-81,209.86	0.21	329,938.07	0.00	0.00	0.00	0.00	0.00	0.00
Net FX gains (+) / losses (-)	14,563.41	442,745.52	0.00	0.00	66,568.08	145,111.73	77,275.49	77,275.49	1,168,126.00	1,168,126.00	-661,334.00	-399,862.75	0.00	0.00
Other revenues	0.00	0.00	0.00	0.00	28,740.48	52,468.53	0.00	0.00	0.00	0.00	0.00	148.75	0.00	0.00
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Risk exposure</b>														
Maximum financial risk exposure	25,333,776.49	14,834,201.84	3,577,349.00	5,417,269.50	19,756,267.86	14,359,384.39	32,924,731.09	29,386,875.09	26,986,917.00	0.00	16,913,341.00	7,022,054.00	0.00	0.00
Value of equity investments	25,333,776.49	14,834,201.84	0.00	0.00	5,417,311.00	5,072,933.39	29,332,297.09	26,976,659.09	5,393,819.00	0.00	4,109,943.00	3,265,314.00	0.00	0.00
Value of loans	0.00	0.00	0.00	0.00	11,338,956.86	9,286,451.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial liabilities and provisions	0.00	0.00	1,406,337.90	834,363.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Assets under treasury management</b>														
Balance in the fiduciary bank account (including short term deposits <3months)	263,091.19	237,900.65	0.00	0.00	5,484,702.57	8,949,034.32	130.00	122.68	0.00	0.00	116.00	109.00	1,130,000.00	1,000,000.00
Other financial assets (including short term deposits >3months)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Financial Information (EUR)	Electrification Financing Initiative		Facility for Energy Inclusion (FEI)		HURUMA Fund		The Spark+ Africa Fund		Transferability and Convertibility Facility		Women's Financial Inclusion Facility	
Type of instrument (loan, guarantee, equity, blending, other)	Equity & loans		Fund		Fund		Fund		Guarantee		Fund+TAP	
Year of inception	2016		2018		2019		2022		2017		2018	
Implementing Partner	FMO		AfDB		Cofides		IFU		Proparco		KfW	
	2022	All years	2022	All years	2022	All years	2022	All years	2022	All years	2022	All years
<b>EU Contribution</b>												
Budgetary commitments	0.00	125,944,712.26	0.00	40,242,000.00	0.00	19,300,000.00	0.00	10,348,000.00	0.00	26,884,234.00	0.00	10,000,000.00
Budgetary payments	0.00	79,554,000.00	0.00	35,042,000.00	4,000,000.00	10,642,307.69	8,432,429.00	8,432,429.00	0.00	16,785,965.00	2,500,000.00	8,500,000.00
<b>Reflows</b>												
Total reflows entered into the budget, of which:	1,525,978.00	1,525,978.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>to the general budget</i>	1,525,978.00	1,525,978.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>returned to be used</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Losses from operations</b>												
<b>Guarantees</b>												
Guarantees called	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Guarantee calls recovered	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Equities</b>												
Realised losses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Loans</b>												
Write offs	-2,182,192.56	-2,182,192.56	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Management fees and other charges</b>												
Administrative fees	40,909.00	422,727.18	24,587.14	99,003.28	30,000.00	92,500.00	47,210.63	47,210.63	41,832.42	209,152.42	17,772.00	72,638.00
Incentive fees	0.00	3.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Treasury management fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other charges	0.00	9,913.88	0.00	-0.48	67,563.44	524,011.73	0.00	0.00	0.00	0.00	216,773.68	252,251.68
<b>Revenues</b>												
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	1,236,253.24	9,106,117.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net treasury result (including interest) (gains (+) / losses (-))	-45,386.19	-1,126,102.01	1,875,291.14	3,031,549.24	-10,744.71	-41,032.19	3,217.18	3,217.18	29,068.18	29,068.18	39,698.34	189,201.34
Net FX gains (+) / losses (-)	207,980.46	77,404.90	336,095.81	-164,880.05	0.00	0.00	0.00	0.00	0.00	0.00	-62,091.03	-390,043.03
Other revenues	21,346.15	21,346.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	406,287.00	406,287.00
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>Risk exposure</b>												
Maximum financial risk exposure	56,963,857.67	32,868,751.53	11,959,374.18	6,279,068.18	8,843,760.40	4,037,114.40	1,915,571.00	0.00	0.00	0.00	8,145,099.15	1,340,408.00
Value of equity investments	28,056,221.09	22,488,206.71	11,959,374.18	6,279,068.18	8,843,760.40	4,037,114.40	0.00	0.00	0.00	0.00	2,966,469.15	1,340,408.00
Value of loans	16,295,770.42	10,380,544.82	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial liabilities and provisions	1,393,829.23	1,284,426.61	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Assets under treasury management</b>												
Balance in the fiduciary bank account (including short term deposits <3months)	6,466,457.69	20,622,999.17	4,659,747.93	1,520,582.63	930,424.10	1,100,548.57	8,435,578.55	0.00	15,029,068.18	15,000,000.00	2,648,845.21	1,990,694.89
Other financial assets (including short term deposits >3months)	0.00	0.00	18,254,223.95	24,703,298.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00



## Annexes - Summary tables financial information

### Annex I – Summary table – All Financial Instruments

Financial Information (EUR)	All Financial Instruments	
	2022	All years
<b>EU Contribution</b>		
Budgetary commitments	1,142,729,789.10	13,367,615,497.53
Budgetary payments	979,630,760.00	11,316,894,465.48
<b>Reflows</b>		
Total reflows entered into the budget, of which:	142,573,796.15	2,039,977,063.26
<i>to the general budget</i>	2,385,632.18	67,739,017.89
<i>returned to be used</i>	140,188,163.97	1,972,238,044.37
<b>Losses from operations</b>		
<b>Guarantees</b>		
Guarantees called	295,319,261.80	1,651,023,826.56
Guarantee calls recovered	29,916,337.21	186,555,954.21
<b>Equities</b>		
Realised losses	7,043,715.00	11,613,569.61
<b>Loans</b>		
Write offs	-2,182,192.56	-2,182,192.56
<b>Management fees and other charges</b>		
Administrative fees	23,377,220.64	355,572,740.45
Incentive fees	35,121,800.00	334,878,208.69
Treasury management fees	2,396,683.83	22,492,578.83
Other charges	14,092,352.60	184,844,825.28
<b>Revenues</b>		
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	151,651,960.30	869,412,922.86
Net treasury result (including interest) (gains (+) / losses (-))	-224,382,809.25	-4,856,799.58
Net FX gains (+) / losses (-)	-7,189,071.52	-38,002,845.05
Other revenues	3,206,259.81	13,540,723.17
	<b>2022</b>	<b>2021</b>
<b>Risk exposure</b>		
Maximum financial risk exposure	7,767,182,695.96	7,722,190,045.58
Value of equity investments	2,261,063,252.61	2,151,562,718.07
Value of loans	60,428,811.39	50,722,510.40
Financial liabilities and provisions	1,219,975,131.77	1,462,861,159.00
<b>Assets under treasury management</b>		
Balance in the fiduciary bank account (including short term deposits <3months)	1,481,460,298.87	1,655,997,257.87
Other financial assets (including short term deposits >3months)	3,717,251,695.55	3,696,470,282.69

## Annex II – Summary table – Financial instruments per Implementing Partner/Managing Party

### EIB – European Investment Bank

Chapter	Financial Instrument	Managing party	Area
1.2	Connecting Europe Facility (CEF) – Debt Instrument	EIB	Infrastructure & climate change
1.3	Private Finance for Energy Efficiency Instrument (PF4EE)	EIB	Infrastructure & climate change
1.4	Natural Capital Financing Facility (NCFE)	EIB	Infrastructure & climate change
2.1	Horizon 2020 Loan Services for R&I Facility (InnovFin Debt)	EIB	Research & Innovation
2.2	Risk-Sharing Finance Facility (RSFF) and Pilot guarantee facility for R&I driven SMEs and Small Midcaps (RSI)	EIB	Research & Innovation
5.3	Facility for Euro-Mediterranean Investment and Partnership (FEMIP) – Debt Instrument	EIB	External Policies
6.1	EIB DCFTA PHASE II	EIB	External Policies NIP EAST
6.1	Green for Growth Fund to the Eastern Neighbourhood Region (EIB)	EIB	External Policies NIP EAST
6.1	NIP Deep and Comprehensive Free Trade Area (DCFTA) Facility (EIB) EAST	EIB	External Policies NIP EAST
6.1	NIP EU Trade and Comp. Prog. in Morocco, Tunisia, Egypt & Jordan EIB	EIB	External Policies NIP SOUTH
6.1	NIP Risk Capital Facility for Southern Neighbourhood countries (EIB)	EIB	External Policies NIP SOUTH

Financial Information (EUR)		
Implementing Partner	EIB	
	2022	All years
<b>EU Contribution</b>		
Budgetary commitments	0.00	4,694,501,461.72
Budgetary payments	264,936,819.00	4,494,481,091.70
<b>Reflows</b>		
Total reflows entered into the budget, of which:	15,467,167.26	1,489,872,756.62
<i>to the general budget</i>	0.00	38,513,578.67
<i>returned to be used</i>	15,467,167.26	1,451,359,177.95
<b>Losses from operations</b>	0.00	0.00
<b>Guarantees</b>	0.00	0.00
Guarantees called	50,705,943.00	325,199,821.00
Guarantee calls recovered	968,889.00	58,031,297.00
<b>Equities</b>	0.00	0.00
Realised losses	0.00	322,002.00
<b>Loans</b>	0.00	0.00
Write offs	0.00	0.00
<b>Management fees and other charges</b>	0.00	0.00
Administrative fees	7,387,825.25	125,082,633.51
Incentive fees	4,447,328.00	84,716,845.00
Treasury management fees	1,062,279.07	14,761,941.07
Other charges	1,686,156.51	133,128,093.23
<b>Revenues</b>	0.00	0.00

Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	33,862,819.61	683,800,005.30
Net treasury result (including interest) (gains (+) / losses (-))	-187,933,914.81	-32,057,442.60
Net FX gains (+) / losses (-)	757,156.95	1,877,541.04
Other revenues	0.00	1,106,115.83
	<b>2022</b>	<b>2021</b>
<b>Risk exposure</b>		
Maximum financial risk exposure	2,864,398,748.63	2,642,466,580.92
Value of equity investments	88,324,302.08	98,146,358.08
Value of loans	-0.45	-0.45
Financial liabilities and provisions	128,644,281.37	112,183,883.54
<b>Assets under treasury management</b>		
Balance in the fiduciary bank account (including short term deposits <3months)	139,634,887.03	139,066,893.01
Other financial assets (including short term deposits >3months)	2,573,229,330.79	2,460,273,295.37

## EIF – European Investment Fund

Chapter	Financial Instrument	Managing party	Area
3.1.a	Employment and Social Innovation Microfinance and Social Entrepreneurship Guarantee (EaSI-G)	EIF	Social & Education
3.1.b	Employment and Social Innovation Capacity Building Investments (EaSI CBI)	EIF	Social & Education
3.2.a	European Progress Micro-Finance Fund (EPMF-FCP-FIS)	EIF	Social & Education
3.2.b	Employment and Social Innovation Sub-Fund (EaSI FIS)	EIF	Social & Education
3.3	Erasmus+ Student Loan Guarantee Facility (SLGF)	EIF	Social & Education
4.1	COSME Loan Guarantee Facility (LGF)	EIF	SMEs
4.2	COSME Equity Facility for Growth (EFG)	EIF	SMEs
4.3	Horizon 2020 SMEs & Small Midcaps R&I Loans Service (InnovFin SME Guarantee)	EIF	SMEs
4.4	Horizon 2020 Equity Facility for R&I (InnovFin Equity)	EIF	SMEs
4.6	Cultural and Creative Sectors Guarantee Facility (CCS GF)	EIF	SMEs
4.7	SME Guarantee Facility under CIP (SMEG 2007)	EIF	SMEs
4.8	High Growth and Innovative SME Equity Facility under CIP (GIF)	EIF	SMEs
5.1	Enterprise Expansion Fund (ENEF) under the Western Balkans Enterprise Development and Innovation Facility	EIF	External Policies WBIF
5.1	Enterprise Innovation Fund (ENIF) under the Western Balkans Enterprise Development and Innovation Facility	EIF	External Policies WBIF
5.1	European Fund for Southeast Europe (EFSE)	EIF	External Policies WBIF
5.1	Guarantee Facility I (GF I) under the Western Balkans Enterprise Development and Innovation Facility	EIF	External Policies WBIF
5.1	Guarantee Facility II (GF II) under Western Balkans Enterprise Development and Innovation Facility	EIF	External Policies WBIF
5.2	Global Energy Efficiency and Renewable Energy Fund (GEEREF)	EIF	External Policies

Financial Information (EUR)		
Implementing Partner	EIF	
	2022	All years
<b>EU Contribution</b>		
Budgetary commitments	-28,147,741.90	5,550,837,258.57
Budgetary payments	194,984,633.65	4,881,256,730.11
<b>Reflows</b>		
Total reflows entered into the budget, of which:	104,848,256.52	478,073,575.58
<i>to the general budget</i>	121,653.58	24,951,458.79
<i>returned to be used</i>	104,726,602.94	453,122,116.79
<b>Losses from operations</b>		
<b>Guarantees</b>		
Guarantees called	244,604,677.80	1,321,373,481.56
Guarantee calls recovered	28,944,538.21	128,518,232.21
<b>Equities</b>		
Realised losses	7,043,715.00	11,291,567.61
<b>Loans</b>	0.00	0.00

Write offs	0.00	0.00
<b>Management fees and other charges</b>		
Administrative fees	4,957,020.71	196,142,834.84
Incentive fees	30,674,472.00	247,206,966.69
Treasury management fees	1,334,404.76	7,730,637.76
Other charges	4,042,562.58	17,899,460.23
<b>Revenues</b>		
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	114,939,705.89	166,547,363.09
Net treasury result (including interest) (gains (+) / losses (-))	-40,785,957.05	23,379,687.56
Net FX gains (+) / losses (-)	-9,532,724.90	-41,463,917.29
Other revenues	36,298.26	7,859,591.26
	<b>2022</b>	<b>2021</b>
<b>Risk exposure</b>		
Maximum financial risk exposure	3,717,490,652.71	4,071,363,896.21
Value of equity investments	1,332,104,226.28	1,317,194,684.76
Value of loans	32,794,084.56	31,055,515.03
Financial liabilities and provisions	1,081,568,573.19	1,342,194,397.00
<b>Assets under treasury management</b>		
Balance in the fiduciary bank account (including short term deposits <3months)	1,226,869,000.77	1,129,787,951.38
Other financial assets (including short term deposits >3months)	896,287,971.81	1,142,216,931.37

## EBRD – European Bank for Reconstruction and Development

Chapter	Financial Instrument	Managing party	Area
5.1	Enterprise Expansion Fund II (ENEF II) under the Western Balkans Enterprise Development and Innovation Facility	EBRD	External Policies WBIIF
6.1	EU Support for Ukrainian MSMEs	EBRD	External Policies NIP EAST
6.1	EU Trade and Competitiveness Programme for Egypt and Jordan	EBRD	External Policies NIP SOUTH
6.1	EU-EBRD Local currency	EBRD	External Policies NIP EAST
6.1	NIP Armenia SME Finance and Advice Facility (EBRD)	EBRD	External Policies NIP EAST
6.1	NIP Deep and Comprehensive Free Trade Area (DCFTA) Facility (EBRD) EAST (MOL-GEO-UKR)	EBRD	External Policies NIP EAST
6.1	NIP Eastern Partnership SME Finance Facility Phase II (EBRD)	EBRD	External Policies NIP EAST
6.1	NIP SEMED MSME Financial Inclusion Programme (EBRD) SOUTH	EBRD	External Policies NIP SOUTH
6.1	NIP Women in Business (EBRD)	EBRD	External Policies NIP EAST
6.1	NIP Women in Business in EaP Phase II	EBRD	External Policies NIP EAST
6.2	Building Crisis-Resilient SMEs in Mongolia post Covid-19	EBRD	External Policies IFCA & AIF
6.2	Support for Mongolian Economic Diversification through SME	EBRD	External Policies IFCA & AIF
6.2	Sustainable private sector in Central Asia	EBRD	External Policies IFCA & AIF
6.2	The SME Finance Facility for Central Asia - Phase 2	EBRD	External Policies IFCA & AIF

Financial Information (EUR)		
Implementing Partner	EBRD	
	2022	All years
<b>EU Contribution</b>		
Budgetary commitments	10,200,000.00	159,702,200.00
Budgetary payments	6,344,690.00	107,635,930.00
<b>Reflows</b>	0.00	0.00
Total reflows entered into the budget, of which:	0.00	0.00
<i>to the general budget</i>	0.00	0.00
<i>returned to be used</i>	0.00	0.00
<b>Losses from operations</b>	0.00	0.00
<b>Guarantees</b>	0.00	0.00
Guarantees called	8,641.00	4,450,524.00
Guarantee calls recovered	2,910.00	6,425.00
<b>Equities</b>	0.00	0.00
Realised losses	0.00	0.00
<b>Loans</b>	0.00	0.00
Write offs	0.00	0.00
<b>Management fees and other charges</b>	0.00	0.00
Administrative fees	53,567.00	1,721,505.75
Incentive fees	0.00	2,954,394.00
Treasury management fees	0.00	0.00
Other charges	1,931,291.00	17,282,249.00
<b>Revenues</b>	0.00	0.00

Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	0.00	0.00
Net treasury result (including interest) (gains (+) / losses (-))	25,987.96	-530,648.52
Net FX gains (+) / losses (-)	639,673.00	-253,324.41
Other revenues	2,111,943.00	2,118,992.47
	2022	2021
<b>Risk exposure</b>		
Maximum financial risk exposure	31,978,177.58	20,847,631.43
Value of equity investments	7,693,055.99	4,914,021.43
Value of loans	0.00	0.00
Financial liabilities and provisions	3,624,791.22	3,977,831.53
<b>Assets under treasury management</b>	0.00	0.00
Balance in the fiduciary bank account (including short term deposits <3months)	58,013,977.10	47,589,508.35
Other financial assets (including short term deposits >3months)	0.00	0.00

## KfW - Kreditanstalt für Wiederaufbau

Chapter	Financial Instrument	Managing party	Area
5.1	EU-KfW WB Guarantee Covid-19 Response - Supporting Entrepreneurs and MSMEs to Safeguard Employment	KfW	External Policies WBIF
5.1	Green for Growth Fund (GGF)	KfW	External Policies WBIF
6.1	EFSE - EU4Business: Local Currency Lending to SMEs in the Eastern Partnership	KfW	External Policies NIP EAST
6.1	EU4Business - the EU Local Currency Partnership Initiative: The European Fund for Southeast Europe (KfW)	KfW	External Policies NIP EAST
6.1	European Fund for Southeast Europe (KfW)	KfW	External Policies NIP EAST
6.1	Green for Growth Fund - Extension to Neighbourhood East II (for Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine)	KfW	External Policies NIP EAST
6.1	Green for Growth Fund (GGF) - COVID 19-RESPONSE in the Southern Neighbourhood (NIP GGF C-shares Southern Neighbourhood)	KfW	External Policies NIP SOUTH
6.1	Green for Growth Funds L-Shares Georgia (10 MEUR)	KfW	External Policies NIP EAST
6.1	MENA Fund for Micro, Small and Medium Enterprises III	KfW	External Policies NIP SOUTH
6.1	NIP Eastern Partnership SME Finance Facility Phase II (KfW)	KfW	External Policies NIP EAST
6.1	NIP MENA Fund for Micro, Small and Medium Enterprises COVID-19 top-up	KfW	External Policies NIP SOUTH
6.1	Participation in MENA Fund for Micro-, Small and Medium Enterprises (SANAD) (KfW)	KfW	External Policies NIP SOUTH
6.1	Participation in MENA Fund for Micro-, Small and Medium Enterprises (SANAD) II (KfW)	KfW	External Policies NIP SOUTH
6.2	Microfinance Initiative for Asia Debt Fund	KfW	External Policies IFCA & AIF
6.3	Green MSMEs KfW	KfW	External Policies LAIF
6.3	Latin America Investment Facility Eco-Business Fund	KfW	External Policies LAIF
6.3	Latin American Green Bond Funds	KfW	External Policies LAIF
6.4	Africa Agriculture Trade and Investment Fund S.A. SICAF-SIV	KfW	External Policies Thematic blending
6.4	Women's Financial Inclusion Facility	KfW	External Policies Thematic blending

Financial Information (EUR)		
Implementing Partner	KfW	
	2022	All years
<b>EU Contribution</b>		
Budgetary commitments	0.00	393,380,686.72
Budgetary payments	19,360,821.52	371,160,162.84
<b>Reflows</b>		
Total reflows entered into the budget, of which:	0.00	2,000,000.00
<i>to the general budget</i>	0.00	2,000,000.00
<i>returned to be used</i>	0.00	0.00
<b>Losses from operations</b>		
<b>Guarantees</b>		
Guarantees called	0.00	0.00
Guarantee calls recovered	0.00	0.00
<b>Equities</b>		
Realised losses	0.00	0.00
<b>Loans</b>	0.00	0.00



Write offs	0.00	0.00
<b>Management fees and other charges</b>		
Administrative fees	1,535,899.22	3,231,666.04
Incentive fees	0.00	0.00
Treasury management fees	0.00	0.00
Other charges	1,312,205.82	3,588,842.47
<b>Revenues</b>		
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	0.00	0.00
Net treasury result (including interest) (gains (+) / losses (-))	51,459.83	159,565.92
Net FX gains (+) / losses (-)	-247,888.41	933,611.29
Other revenues	410,010.92	410,010.92
	<b>2022</b>	<b>2021</b>
<b>Risk exposure</b>		
Maximum financial risk exposure	336,774,403.78	349,800,123.67
Value of equity investments	325,448,972.24	346,364,861.95
Value of loans	0.00	0.00
Financial liabilities and provisions	3,337,318.86	2,386,257.32
<b>Assets under treasury management</b>		
Balance in the fiduciary bank account (including short term deposits <3months)	10,756,060.33	11,071,941.76
Other financial assets (including short term deposits >3months)	0.00	0.00

## FMO - Entrepreneurial Development Bank

Chapter	Financial Instrument	Managing party	Area
6.2	AgriFI Country Window for Sri Lanka	FMO	External Policies IFCA & AIF
6.4	Agriculture Financing Initiative	FMO	External Policies Thematic blending
6.4	Climate Investor One	FMO	External Policies Thematic blending
6.4	Climate Investor One - Energy Efficiency Initiative	FMO	External Policies Thematic blending
6.4	Climate Investor Two	FMO	External Policies Thematic blending
6.4	Electrification Financing Initiative	FMO	External Policies Thematic blending

Financial Information (EUR)			
Implementing Partner		FMO	
		2022	All years
<b>EU Contribution</b>			
Budgetary commitments		0.00	281,744,712.26
Budgetary payments		38,748,187.24	186,630,416.44
<b>Reflows</b>			
Total reflows entered into the budget, of which:		1,525,978.00	1,525,978.00
	<i>to the general budget</i>	1,525,978.00	1,525,978.00
	<i>returned to be used</i>	0.00	0.00
<b>Losses from operations</b>			
		0.00	0.00
<b>Guarantees</b>			
		0.00	0.00
Guarantees called		0.00	0.00
Guarantee calls recovered		0.00	0.00
<b>Equities</b>			
		0.00	0.00
Realised losses		0.00	0.00
<b>Loans</b>			
		0.00	0.00
Write offs		-2,182,192.56	-2,182,192.56
<b>Management fees and other charges</b>			
		0.00	0.00
Administrative fees		385,704.94	982,544.98
Incentive fees		0.00	3.00
Treasury management fees		0.00	0.00
Other charges		65,838.25	75,797.83
<b>Revenues</b>			
		0.00	0.00
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)		2,106,624.80	10,940,856.36
Net treasury result (including interest) (gains (+) / losses (-))		-73,431.97	-884,488.18
Net FX gains (+) / losses (-)		858,616.03	1,068,055.37
Other revenues		50,086.63	73,963.43
		2022	2021
<b>Risk exposure</b>			
Maximum financial risk exposure		153,545,114.62	83,637,065.01
Value of equity investments		72,309,591.18	57,803,113.19
Value of loans		27,634,727.28	19,666,995.82

Financial liabilities and provisions	1,393,829.23	1,284,426.61
<b>Assets under treasury management</b>	0.00	0.00
Balance in the fiduciary bank account (including short term deposits <3months)	15,932,292.88	34,265,650.17
Other financial assets (including short term deposits >3months)	0.00	0.00

## Other Implementing Partners/Managing Parties

Chapter	Financial Instrument	Managing party	Area
1.1	Connecting Europe Broadband Fund (CEBF) – CEF Equity Instrument	CUBE IM	Infrastructure & climate change
1.5	European Energy Efficiency Fund (EEEF)	DWS	Infrastructure & climate change
1.6	2020 European Fund for Energy, Climate Change and Infrastructure (Marguerite Fund)	ECFIN	Infrastructure & climate change
4.5	European Innovation Council (EIC) Fund	EIC Fund	SMEs
6.4	Digital Energy Facility (DEF) for the Promotion of Energy Transition and Energy Access - Seed Financing	AFD	External Policies Thematic blending
6.4	Facility for Energy Inclusion (FEI)	AfDB	External Policies Thematic blending
6.4	HURUMA Fund	Cofides	External Policies Thematic blending
6.4	The Spark+ Africa Fund	IFU	External Policies Thematic blending
6.4	Africa Renewable Energy Scale Up Facility - Guarantee Fund	Proparco	External Policies Thematic blending
6.4	Transferability and Convertibility Facility	Proparco	External Policies Thematic blending

Financial Information (EUR)		
Implementing Partner	Others	
	2022	All years
<b>EU Contribution</b>		
Budgetary commitments	1,160,677,531.00	2,287,449,178.26
Budgetary payments	455,255,608.59	1,275,730,134.39
<b>Reflows</b>	0.00	0.00
Total reflows entered into the budget, of which:	20,732,394.37	68,504,753.06
<i>to the general budget</i>	738,000.60	748,002.43
<i>returned to be used</i>	19,994,393.77	67,756,749.63
<b>Losses from operations</b>	0.00	0.00
<b>Guarantees</b>	0.00	0.00
Guarantees called	0.00	0.00
Guarantee calls recovered	0.00	0.00
<b>Equities</b>	0.00	0.00
Realised losses	0.00	0.00
<b>Loans</b>	0.00	0.00
Write offs	0.00	0.00
<b>Management fees and other charges</b>	0.00	0.00
Administrative fees	9,057,203.52	28,411,555.33
Incentive fees	0.00	0.00
Treasury management fees	0.00	0.00
Other charges	5,054,298.44	12,870,382.52
<b>Revenues</b>	0.00	0.00
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	742,810.00	8,124,698.11
Net treasury result (including interest) (gains (+) / losses (-))	4,333,046.79	5,076,526.24
Net FX gains (+) / losses (-)	336,095.81	-164,811.05

Other revenues	597,921.00	1,972,049.26
	<b>2022</b>	<b>2021</b>
<b>Risk exposure</b>		
Maximum financial risk exposure	662,995,598.64	554,074,748.34
Value of equity investments	435,183,104.84	327,139,678.66
Value of loans	0.00	0.00
Financial liabilities and provisions	1,406,337.90	834,363.00
<b>Assets under treasury management</b>	0.00	0.00
Balance in the fiduciary bank account (including short term deposits <3months)	30,254,080.76	294,215,313.20
Other financial assets (including short term deposits >3months)	247,734,392.95	93,980,055.95

## Annex III – Summary table – Financial Instruments per area

### Infrastructure & climate change

Financial Information (EUR)	Infrastructure & climate change	
Implementing Partner	EIB, DWS, CUBE IM	
	2022	All years
<b>EU Contribution</b>		
Budgetary commitments	0.00	1,208,137,494.37
<i>of which from third countries</i>	0.00	0.00
<i>of which from reflows</i>	0.00	6,882,828.95
Budgetary payments	13,116,612.59	1,059,162,092.81
<b>Reflows</b>		0.00
Revenues	13,330,721.68	61,795,602.35
Repayments	13,360,508.09	61,087,722.69
Total reflows entered into the budget, of which:	26,670,851.77	122,789,619.04
<i>to the general budget</i>	738,000.60	2,776,735.65
<i>returned to be used</i>	25,932,851.17	120,012,882.39
<b>Losses from operations</b>		
<b>Guarantees</b>		
Guarantees called	0.00	88,212.00
Guarantee calls recovered	0.00	27,740.00
<b>Equities</b>		
Realised losses	0.00	0.00
<b>Loans</b>		
Write offs	0.00	0.00
<b>Management fees and other charges</b>		
Administrative fees	2,055,775.00	22,812,812.13
Incentive fees	2,715,720.00	15,807,340.00
Treasury management fees	404,513.27	4,260,609.27
Other charges	1,234,537.00	57,669,130.30
<b>Revenues</b>		
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	3,868,416.61	102,563,187.97
Net treasury result (including interest) (gains (+) / losses (-))	-58,901,952.81	-25,468,197.28
Net FX gains (+) / losses (-)	-277,686.00	-714,606.10
Other revenues	0.00	55,748.66
	2022	2021
<b>Risk exposure</b>		
Maximum financial risk exposure	956,283,546.38	892,534,178.87
Value of equity investments	140,113,366.58	144,263,029.40
<i>Investment at cost</i>	142,045,303.37	128,928,690.78
Value of loans	0.00	0.00
<i>Loans at cost</i>	0.00	0.00

Financial liabilities and provisions	41,711,972.04	36,676,356.54
<b>Assets under treasury management</b>	0.00	0.00
Balance in the fiduciary bank account (including short term deposits <3months)	62,397,020.00	63,245,501.29
<i>in euro</i>	47,182,527.00	47,753,321.00
<i>in non-euro currencies</i>	15,214,493.00	15,492,180.00
Other financial assets (including short term deposits >3months)	696,094,804.21	761,837,869.42

## Research & Innovation

Financial Information (EUR)	Research & Innovation	
Implementing Partner	EIB	
	2022	All years
<b>EU Contribution</b>		
Budgetary commitments	0.00	3,191,830,000.00
<i>of which from third countries</i>	0.00	9,405,382.00
<i>of which from reflows</i>	0.00	1,132,969,862.65
Budgetary payments	261,497,773.00	3,191,829,916.98
<b>Reflows</b>		
Revenues	0.00	324,738,585.00
Repayments	9,528,709.86	1,048,220,039.86
Total reflows entered into the budget, of which:	9,528,709.86	1,372,958,624.86
<i>to the general budget</i>	0.00	0.00
<i>returned to be used</i>	9,528,709.86	1,372,958,624.86
<b>Losses from operations</b>		
<b>Guarantees</b>		
Guarantees called	48,937,015.00	321,661,716.00
Guarantee calls recovered	687,491.00	57,674,077.00
<b>Equities</b>		
Realised losses	0.00	0.00
<b>Loans</b>		
Write offs	0.00	0.00
<b>Management fees and other charges</b>		
Administrative fees	3,741,681.25	83,901,816.25
Incentive fees	1,731,608.00	68,909,505.00
Treasury management fees	657,765.80	10,376,331.80
Other charges	11,980.00	51,973,810.00
<b>Revenues</b>	0.00	0.00
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	29,471,085.00	581,562,678.15
Net treasury result (including interest) (gains (+) / losses (-))	-129,192,915.00	-7,239,786.26
Net FX gains (+) / losses (-)	57,949.95	-208,748.90
Other revenues	0.00	27,923.43
	<b>2022</b>	<b>2021</b>
<b>Risk exposure</b>		
Maximum financial risk exposure	1,957,461,547.00	1,810,394,565.00
Value of equity investments	0.00	0.00
<i>Investment at cost</i>	0.00	0.00
Value of loans	0.00	0.00
<i>Loans at cost</i>	0.00	0.00
Financial liabilities and provisions	84,259,050.33	69,598,398.00
<b>Assets under treasury management</b>		



Balance in the fiduciary bank account (including short term deposits <3months)	13,700,864.54	10,557,502.72
<i>in euro</i>	9,578,861.31	6,091,499.49
<i>in non-euro currencies</i>	4,122,000.00	4,466,000.00
Other financial assets (including short term deposits >3months)	1,872,241,035.58	1,690,372,892.95

## Social & Education

Financial Information (EUR)	Social & Education	
Implementing Partner	EIF	
	2022	All years
<b>EU Contribution</b>		
Budgetary commitments	0.00	336,911,503.00
<i>of which from third countries</i>	0.00	123,818.00
<i>of which from reflows</i>	0.00	68,852,830.70
Budgetary payments	15,268,429.00	324,613,884.00
<b>Reflows</b>		
Revenues	0.00	1,887,656.19
Repayments	1,548,428.96	79,642,635.27
Total reflows entered into the budget, of which:	1,548,428.96	81,530,291.46
<i>to the general budget</i>	0.00	1,848,962.21
<i>returned to be used</i>	1,548,428.96	79,681,329.25
<b>Losses from operations</b>		
<b>Guarantees</b>		
Guarantees called	23,556,024.42	81,975,589.95
Guarantee calls recovered	427,874.46	1,332,348.46
<b>Equities</b>		
Realised losses	7,043,715.00	7,043,715.00
<b>Loans</b>		
Write offs	0.00	0.00
<b>Management fees and other charges</b>		
Administrative fees	821,084.89	15,848,314.89
Incentive fees	0.00	4,949,184.00
Treasury management fees	96,731.76	456,643.76
Other charges	241,661.17	395,348.17
<b>Revenues</b>		
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	1,259,487.37	3,266,863.08
Net treasury result (including interest) (gains (+) / losses (-))	3,458,228.68	7,218,285.20
Net FX gains (+) / losses (-)	-78,494.00	-4,792,549.86
Other revenues	0.00	70.00
	<b>2022</b>	<b>2021</b>
<b>Risk exposure</b>		
Maximum financial risk exposure	137,905,696.56	215,719,662.27
Value of equity investments	65,878,880.00	66,007,606.07
<i>Investment at cost</i>	72,137,567.00	80,049,929.70
Value of loans	32,794,084.56	31,055,515.03
<i>Loans at cost</i>	33,249,535.56	31,000,056.07
Financial liabilities and provisions	37,320,061.00	62,535,876.00
<b>Assets under treasury management</b>	0.00	0.00

Balance in the fiduciary bank account (including short term deposits <3months)	102,636,324.00	104,347,382.00
<i>in euro</i>	18,749,979.00	14,270,450.72
<i>in non-euro currencies</i>	83,886,345.40	90,076,931.00
Other financial assets (including short term deposits >3months)	2,500,666.84	2,498,771.00

## SMEs

Financial Information (EUR)	SMEs	
Implementing Partner	EIF, EIC Fund	
	2022	All years
<b>EU Contribution</b>		
Budgetary commitments	1,132,862,829.26	6,807,361,201.84
<i>of which from third countries</i>	0.00	271,191,149.12
<i>of which from reflows</i>	0.00	349,907,867.76
Budgetary payments	594,574,468.00	5,332,558,589.47
<b>Reflows</b>		
Revenues	88,161,081.49	203,353,558.05
Repayments	86,443,887.47	370,557,492.47
Total reflows entered into the budget, of which:	103,178,173.98	396,421,630.54
<i>to the general budget</i>	0.00	22,980,843.00
<i>returned to be used</i>	103,178,173.98	373,440,787.54
<b>Losses from operations</b>		
<b>Guarantees</b>		
Guarantees called	220,006,864.38	1,232,930,086.61
Guarantee calls recovered	28,413,108.67	124,933,969.67
<b>Equities</b>		
Realised losses	0.00	4,247,852.61
<b>Loans</b>		
Write offs	0.00	0.00
<b>Management fees and other charges</b>		
Administrative fees	9,993,912.00	194,845,669.47
Incentive fees	30,474,472.00	241,220,282.69
Treasury management fees	1,223,018.00	7,203,111.00
Other charges	8,659,410.00	23,371,328.51
<b>Revenues</b>		
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	106,440,947.82	155,160,541.31
Net treasury result (including interest) (gains (+) / losses (-))	-41,847,212.14	18,306,072.53
Net FX gains (+) / losses (-)	-9,454,230.90	-36,591,336.00
Other revenues	633,733.00	9,795,245.00
	2022	2021
<b>Risk exposure</b>		
Maximum financial risk exposure	3,737,505,760.14	3,889,739,146.34
Value of equity investments	1,318,978,097.14	1,210,257,361.94
<i>Investment at cost</i>	1,037,618,788.14	865,657,367.14
Value of loans	0.00	0.00
<i>Loans at cost</i>	0.00	0.00
Financial liabilities and provisions	1,040,170,208.24	1,269,288,712.00
<b>Assets under treasury management</b>		

Balance in the fiduciary bank account (including short term deposits <3months)	1,069,870,166.18	1,256,260,457.00
<i>in euro</i>	522,135,907.00	670,882,248.00
<i>in non-euro currencies</i>	547,734,259.00	585,378,209.00
Other financial assets (including short term deposits >3months)	1,117,960,207.80	1,203,697,695.20

## External Policies

Financial Information (EUR)	External Policies	
Implementing Partner	EIB, EIF, EBRD, KfW, AFD, AfDB, Cofides, FMO, Proparco, IFU	
	2022	All years
<b>EU Contribution</b>		
Budgetary commitments	9,866,959.84	1,823,375,298.32
Budgetary payments	95,173,477.41	1,408,729,982.22
<b>Reflows</b>	0.00	0.00
Total reflows entered into the budget, of which:	1,647,631.58	66,276,897.36
<i>to the general budget</i>	1,647,631.58	40,132,477.03
<i>returned to be used</i>	0.00	26,144,420.33
<b>Losses from operations</b>	0.00	0.00
<b>Guarantees</b>	0.00	0.00
Guarantees called	2,819,358.00	14,368,222.00
Guarantee calls recovered	387,863.08	2,587,819.08
<b>Equities</b>	0.00	0.00
Realised losses	0.00	322,002.00
<b>Loans</b>	0.00	0.00
Write offs	-2,182,192.56	-2,182,192.56
<b>Management fees and other charges</b>	0.00	0.00
Administrative fees	6,764,767.50	38,164,127.71
Incentive fees	200,000.00	3,991,897.00
Treasury management fees	14,655.00	195,883.00
Other charges	3,944,764.43	51,435,208.30
<b>Revenues</b>	0.00	0.00
Revenues from operations (Risk remuneration, dividends, realized gains, fees, interests on loans)	10,612,023.50	26,859,652.35
Net treasury result (including interest) (gains (+) / losses (-))	2,101,042.02	2,326,826.23
Net FX gains (+) / losses (-)	2,563,389.43	4,304,395.81
Other revenues	2,572,526.81	3,661,736.08
	2022	2021
<b>Risk exposure</b>		
Maximum financial risk exposure	978,026,145.88	913,802,493.10
Value of equity investments	736,092,908.89	731,034,720.66
Value of loans	27,634,726.83	19,666,995.37
Financial liabilities and provisions	16,513,840.16	24,761,816.46
<b>Assets under treasury management</b>	0.00	0.00
Balance in the fiduciary bank account (including short term deposits <3months)	232,855,924.15	221,586,414.86
Other financial assets (including short term deposits >3months)	28,454,981.12	38,063,054.12

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